

SAN FRANCISCO PUBLIC LIBRARY



3 1223 07086 2926

5/S



San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

Not to be taken from the Library





TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

TREASURE ISLAND DEVELOPMENT AUTHORITY

MEETING AGENDA

May 10, 2006 1:30 P.M.

DOCUMENTS DEPT.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

MAY - 5 2006

SAN FRANCISCO
PUBLIC LIBRARY

Gavin Newsom, Mayor

05-05-07P04:48 RCV

DIRECTORS

Claudine Cheng, Chair
Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by the Deputy Executive Director of the Redevelopment Agency (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)
5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***

8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a.) Approval of Minutes of April 17, 2006 Special Meeting (*Action Item*)
- b.) Resolution Approving Use by the Berkeley Symphony Orchestra of a Photographic Image Property of the Authority (*Action Item*)
- c.) Resolution Authorizing the Executive Director to Extend the Term of the Permit with Laura Bertone of PAX Fluid Systems for Use of a Portion of Pier One through May 31, 2007 and to Increase the Monthly Permit Fees by Three Percent (*Action Item*)
- d.) Resolution Authorizing the Executive Director To Retroactively Amend the Sublease with San Francisco Golden Gate Youth Rugby, to Extend the Term on a Month to Month Basis Not to Exceed April 30, 2007, and to Increase the Rent by \$30.00 Per Month for a Portion of the Premises (*Action Item*)
- e.) Resolution Authorizing the Executive Director to Execute a Sublease for a Term of 12 Months with Two One-Year Extensions Vested in the Board in Its Sole and Absolute Discretion with KMT Management, LLC for the Use of Building 140 (The Nimitz Conference Center) Containing a Total of 24,169 Square Feet (*Action Item*)
- 9. Resolution Approving the FY2006-2007 TIDA Budget (*Action Item*)
- 10. Presentation of Revised Draft Transportation Plan (*Discussion Item*)
- 11. Resolution Making Emergency Findings, Ratifying Executive Director's 30-Day Extension of Refuse Collection Contract, and Authorizing an Additional Extension of Such Contract with Golden Gate Disposal & Recycling Company to October 31, 2006 (*Action Item*)
- 12. POSSIBLE CLOSED SESSION
If approved by the TIDA Board, this Closed Session item will take place for approximately 30 minutes at the end of the meeting
 - a. Public Comment on all items relating to closed session
 - b. Vote on whether to hold closed session to confer with legal counsel. (*Action item*)

- c. CONFERENCE WITH LEGAL COUNSEL
EXISTING LITIGATION:
Anthony P. Hall v. Treasure Island Development Authority,
Labor Commissioner of the State of California
State Case Number 11-32412
- d. Reconvene in open session (*Action item*)
i. Possible report on action taken in closed session under Agenda Item 12.
(Government Code section 54957.1 and San Francisco Administrative Code
Section 67.12)
ii. Vote to elect whether to disclose any or all discussions held in closed
session (*San Francisco Administrative Code Section 67.12*).
13. POSSIBLE CLOSED SESSION
***If approved by the TIDA Board, this Closed Session item will take place for
approximately 30 minutes at the end of the meeting***
a. Public Comment on all items relating to closed session
b. Vote on whether to hold closed session to confer with real property
negotiators. (*Action item*)
c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Persons negotiating for the Authority: Michael Cohen, Jack Sylvan,
Joanne Sakai
Persons negotiating with the Authority: United States Navy, Treasure
Island Community Development, LLC
Property: Former Naval Station Treasure Island
Under Negotiation:
Price: _____ Terms of payment: _____ Both: X
- d. Reconvene in open session (*Action item*)
i. Possible report on action taken in closed session under Agenda Item 13
(Government Code section 54957.1 (a) (1) and San Francisco Administrative
Code Section 67.12)
ii. Vote to elect whether to disclose any or all discussions held in closed
session (*San Francisco Administrative Code Section 67.12*).
14. Discussion of Future Agenda Items by Directors (*Discussion Item*)
15. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

Disability Access

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site <http://www.sfgov.org/ethics/>.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>



Digitized by the Internet Archive
in 2016

https://archive.org/details/agendasminutes2006sanf_2

Notes

Notes



Pacific Gas and
Electric Company®

April 17, 2006

Ms. Claudine Cheng
President of the Board
Treasure Island Development Authority
410 Avenue of the Palms, Building One, Second Floor
San Francisco, CA 94130

Helen A. Burt
Senior Vice President and
Chief Customer Officer
Customer Service and Revenue

77 Beale Street, Room 3219
San Francisco, CA 94105 1814

Mailing Address
Mail Code B32
Pacific Gas and Electric Company
P. O. Box 770000
San Francisco, CA 94177-0001

415.973.2001
Internal: 223, 2001
Fax: 415.973.2313



Dear Ms. Cheng:

The economic re-development of Treasure Island is truly one the most compelling initiatives under way in the Bay Area. On behalf of Pacific Gas and Electric Company (PG&E), I am writing to convey our enthusiastic support, and our keen interest in working with you, the Board and other stakeholders to ensure that Treasure Island becomes yet another jewel in the Bay Area's crown.

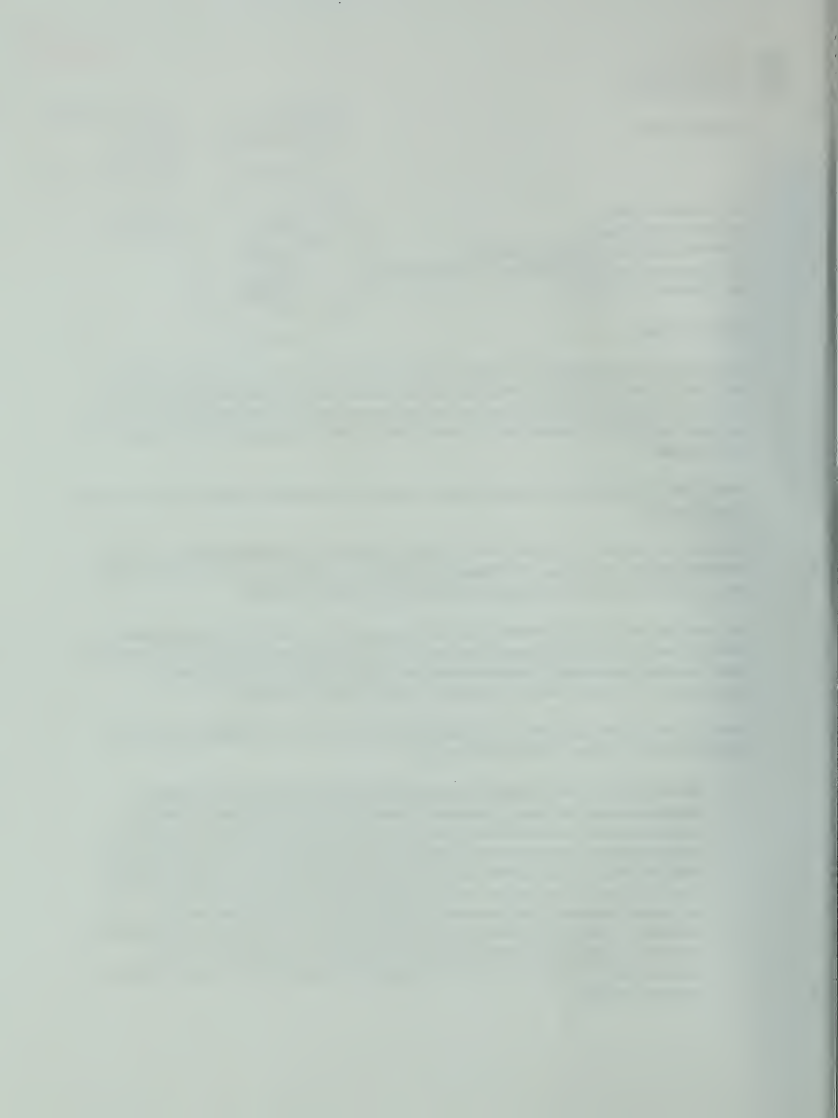
Your vision of establishing Treasure Island as a model for sustainable design principles resonates strongly with us.

PG&E is recognized as a national leader in energy efficient design and technology, as well as renewable energy application. We commit to helping San Francisco transform Treasure Island into a model community for sustainable design when it comes to energy.

I am confident that no other provider can match our experience, commitment and expertise in providing energy solutions to support the vision TIDA has already committed to in its conceptual plans, including, for example, a central heating and cooling station that could offer the opportunity for efficiently utilizing heat from new and clean technologies.

As the gas and electric provider for Treasure Island, here are some of capabilities that Pacific Gas and Electric Company will bring this project:

- **More than 25 years of designing and implementing national award-winning customer energy efficiency programs.** These provide residential and commercial developers with the latest efficient design techniques, equipment and materials. Our energy efficiency and demand response programs are being taken to the next level by a dedicated team of practitioners, and the level of funding that we are making available throughout our service area has increased significantly over the past few years. Today, we oversee the nation's largest array of energy efficiency and demand-response programs. At our Pacific Energy Center in San Francisco, we proudly demonstrate these services and programs and offer them free of charge to our customers and design professionals. We invite you and your colleagues to tour the center and see firsthand the value we can add.





- **Nearly 20 years of experience building and operating a fleet of clean-air vehicles.** This includes assessing various fuels and technologies and developing fueling infrastructure for vehicles that run on everything from compressed and liquefied natural gas and electricity to bio-fuels and hydrogen. Through our clean air transportation program, we share our experience and expertise with the public and private fleet operators. Our specialized field representatives assist with product, project funding, and safety information, along with technical support for fueling infrastructure design, codes and standards, and operation and maintenance.
- **A long-standing commitment to developing clean, reliable renewable energy resources - owned by our customers, by suppliers or by PG&E.** About 30 percent of our energy comes from water, wind, the sun and other renewable sources. We are currently increasing our renewable supplies even further. This is one reason PG&E's air emissions are among the lowest of any utility. We also offer financial incentives to customers through our self-generation incentive program; earlier this year, for example, we connected our 10,000th solar customer to the grid, more than any other utility to our customer. We also have an active and nationally recognized solar schools program, which provides solar photovoltaic units and educational material to a number of schools in underserved communities.
- The use of emerging technologies, such as smart meters, internet-based customer services, and engineering design applications to provide our customers, whether developers or ultimate end use customers, the best service to help them achieve success in their homes and businesses.

We also bring a revitalized focus on serving our customers. As PG&E's first-ever Chief Customer Officer, I am personally dedicated to ensuring that our customers receive the best service in the industry. I am backed in this commitment by the rest of our senior leadership and by the 20,000 men and women who make up PG&E.

Our company is now engaged in a sweeping effort to change many of the ways we operate – all organized around delivering better, faster and more cost-effective service to the customer. We are utilizing new technologies and new service models to make this possible.

As Treasure Island becomes part of the City and County of San Francisco (CCSF), we look forward to working with you to meet our obligation under PG&E's franchise agreement with CCSF, which requires us to provide service to customers who would choose PG&E as their energy company. We expect that, among other steps, this will necessitate installing new infrastructure to improve the safety and reliability of the existing electric and gas distribution assets currently serving the island.





Ms. Claudine Cheng

Page Three

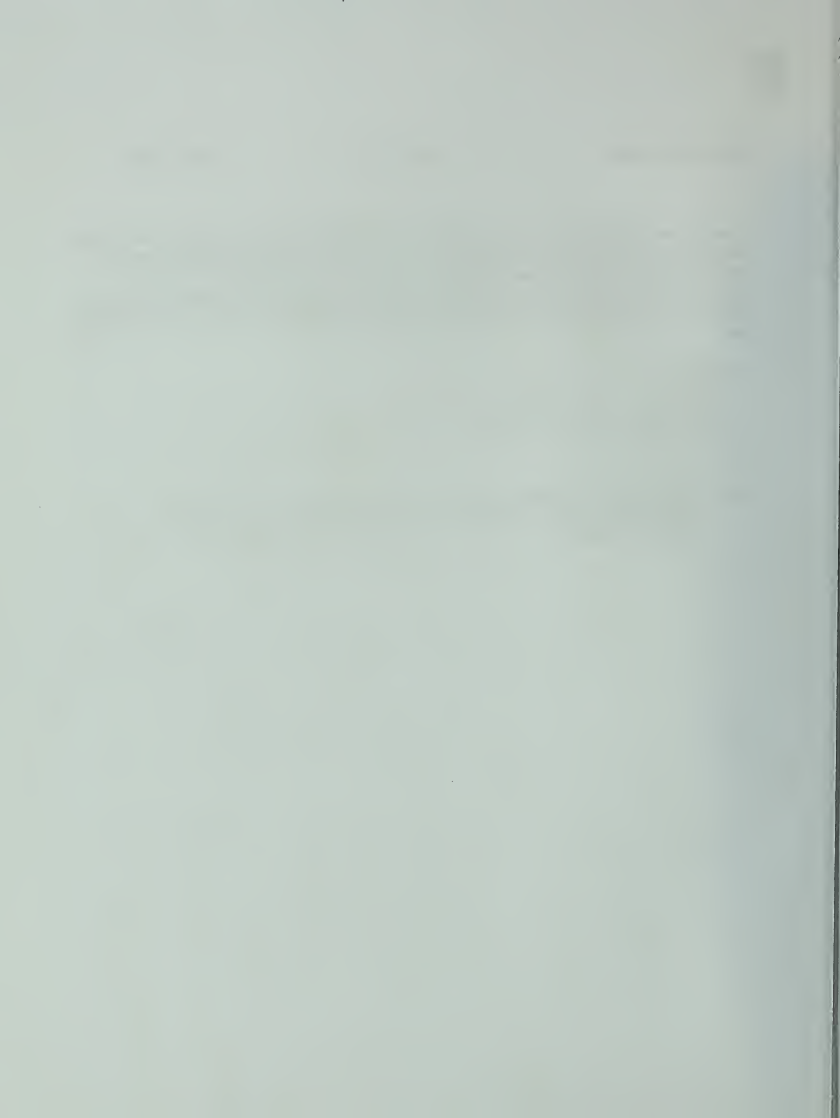
April 17, 2006

Again, we are excited about TIDA's vision for Treasure Island, and we are confident that PG&E has the experience and expertise to help bring it to life. I look forward to partnering with you, your development team and other stakeholders to discuss the contributions we can make. Beverly Alexander, PG&E's Vice President, Customer Satisfaction, will be calling you soon to arrange for our team to set a plan in motion for that purpose, or to answer any questions you may have.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Helen A. Burt'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

cc: TIDA Board of Directors
Michael Cohen, Mayor's Office of Economic and Workforce Development
Beverly Alexander



克里斯·戴利
CHRIS DALY

Board of Supervisors
District 6

April 17, 2006

Joanne Sakai
Acting Director
Treasure Island Development Authority
410 Avenue of the Palms, Building 1, 2nd Floor
San Francisco, CA 94130

Dear Ms. Sakai,

I am re-sending a letter I sent to you on April 11th, 2006, that was mistakenly addressed to the Treasure Island Homeless Development Initiative. I appreciate your April 14th reply to that letter and your efforts to clear up any miscommunication with the impacted residents.

While I am interested in minimizing any impacts to island residents, I fully support the addition of units into the TIHDI portfolio.

I also want to reiterate my interest in receiving any relocation plans for any of the island residents.

Sincerely,



CHRIS DALY



Chair, Budget and Finance Committee

Association of Bay Area Governments
Bay Area Air Quality Management District
Committee on Information Technology
Joint Policy Committee
Regional Planning Committee
San Francisco County Transportation Authority
Transbay Joint Powers Authority
Treasure Island Development Authority
Urban Counties Council





[Faint, illegible text lines]

[Faint, illegible text lines]

[Faint, illegible text lines]

[Faint, illegible text or signature]

CITY & COUNTY OF SAN FRANCISCO



JOANNE SAKAI
DEPUTY EXECUTIVE DIRECTOR
SAN FRANCISCO
REDEVELOPMENT AGENCY
ON BEHALF OF TIDA

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

April 26, 2006

Supervisor Chris Daly
San Francisco Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Supervisor Daly:

Thank you for your letter of April 17, 2006. In response to your request for information on relocation plans, the Treasure Island Development Authority (TIDA) will be developing a relocation plan in conjunction with the redevelopment planning process, which is underway. The TIDA Board of Directors has designated the Mayor's Office of Base Reuse and Development as the lead agency for redevelopment planning, which, in that capacity, is preparing a Housing Transition Plan as part of the overall Development Plans for the reuse of former Naval Station Treasure Island.

By copy of this letter, I am conveying your request for information to staff at the Office of Base Reuse and Development with a request that they to follow up with you in this regard. In the meantime, I will ensure that you receive copies of any documents prepared or distributed by the TIDA project office in relation to the 2007 transition of TIHDI units. Please feel free to contact me should you have any further questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joanne Sakai".

Joanne Sakai
Deputy Executive Director, San Francisco Redevelopment Agency
On Behalf of Treasure Island Development Authority

cc: Jack Sylvan, Mayor's Office of Base Reuse





TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

*****Please Note Location*****

Agenda

Treasure Island /Yerba Buena Island
Citizens Advisory Board

Housing Sub-Committee Meeting

Natalie Bonnewit, Chair

**Wanda Barnes
Mike DeLane**

**Jorge Garcia
Mera K. Granberg**

Monday May 1, 2006 -- 6:00 p.m.

**San Francisco Redevelopment Agency
1 South Van Ness 5th Floor Room 5080
San Francisco, CA 94103**

- I. Roll Call
- II. Discussion of the Revised Housing Plan. (Action Item)
- III. Future Agenda Items Discussion. (Action Item)
- IV. Announcements from Board members. (Information Item)
- V. Public Comments
- VI. Adjourn



THE UNIVERSITY OF CHICAGO

1900

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO

THE UNIVERSITY OF CHICAGO



TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

*****Please Note Location*****

Agenda

**Treasure Island /Yerba Buena Island
Citizens' Advisory Board**

Tuesday May 2, 2006 -- 6:00 p.m.

**San Francisco City Hall, Room 201
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

- I. Roll Call
- II. Approval of March 7, 21 and April 11, 2006 CAB Minutes. (Action Item)
- III. TIDA Staff Updates (Information Item):
 - a) Treasure Island Development Authority Board meeting of April 17, 2006.
 - b) Legislative
 - c) Development Schedule
 - d) Naval Negotiations
 - e) Bay Bridge
 - f) Job Corps
 - g) Island Clean-Up
- IV. Discussion of the Revised Housing Plan. (Action Item)
- V. Future Agenda Items Discussion. (Action Item)
- VI. Announcements from Board members. (Information Item)
- VII. Public Comments
- VIII. Adjourn



THE JOURNAL OF THE

ROYAL SOCIETY OF MEDICINE

Volume 100, Part 1, January 2007

ISSN 0954-6794

Printed in the United Kingdom

Copyright © 2007 Taylor & Francis Ltd

Editorial Board: Sir John Peel, President, Royal Society of Medicine

Editorial Office:

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Dr J. H. Green, Editor, The Journal of the Royal Society of Medicine

Notes

Housing Subcommittee of Treasure Island Citizens Advisory Board
Subcommittee meeting May 1, 2006
for CAB discussion May 2, 2006

Housing Plan Comments

1. The CAB requests a statement in the Housing Plan that TIDA is responsible for enforcing the terms of the Housing Plan.
2. The CAB understands the premise for the housing plan and agrees that it appears reasonable and viable based on what we know today. The housing plan is based on the allocation of public and private resources for the Agency and TIHDI affordable units. Since the CAB does not have decision-making authority to allocate public funds, and the allocation of those resources are made by the TIDA Board and the Board of Supervisors, the CAB seeks reassurance from the TIDA Board and the Board of Supervisors that they will support future requests for public financing for the purposes of affordable housing as outlined in the Housing Plan.
3. The CAB recommends that inclusionary housing be reduced from 15% to 12% and that the "extra" 3% of affordable units that are then allocated to the Agency be reserved for residents earning no more than 50% of the Area Median Income. Further, the subcommittee recommends that the Agency units be targeted to the lowest levels of affordability, while also allowing for Agency flexibility to determine the income mix of Agency controlled units.
4. The CAB recommends that the location of the inclusionary units, both within and amongst all privately constructed units, should be at the discretion of TIDA as long as:
 - a) the total number of affordable units remain the same;
 - b) all units are interspersed throughout the project; and,
 - c) all units are of similar high-quality.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
RESEARCH REPORT
NO. 1000

THE EFFECT OF TEMPERATURE ON THE RATE OF
REACTION OF HYDROGEN PEROXIDE WITH
FERROUS SULFATE

BY
J. H. COLEMAN
AND
R. W. BARTLETT
DEPARTMENT OF CHEMISTRY
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS

Received May 15, 1934
Revised June 10, 1934
Published July 1, 1934

ABSTRACT
The rate of reaction of hydrogen peroxide with ferrous sulfate has been studied at various temperatures. The reaction is first order with respect to ferrous sulfate and second order with respect to hydrogen peroxide. The rate constant increases with increasing temperature.

Sub: Treasure Island /Yerba Buena Island Citizens Advisory Board
Urban Design Sub-Committee Meeting Minutes, March 20, 2006

Call to Order: 6:24 p.m.

Attendees: Kathrin Moore, Chair
Don Hughes

Excused: Gene Brodsky
Heather Gallagher
Jore Garcia
Liz Hirschhorn
Suzanne Kim
Elizabeth Strahlstrom-Wells

The purpose of this meeting of the Urban Design Sub-Committee was to review the Draft Phasing Plan presented to the CAB by Treasure Island Community Development (Developer). Discussion included verbal commentary from those members present and in written form from members not present at the meeting.

A primary concern expressed by the members was directed toward the need to better understand the rationale supporting the structure of the Phasing Plan, including the fiscal, marketability and construction aspects of the Phasing Plan.

In particular, the members expressed their concern related to the proposed phasing and location of new home construction. The sub-committee indicated a strong desire that the western, or City-side, of Treasure Island be developed more fully in the earlier phases of development plan and that the development of home construction, the Art Park and perimeter parks should proceed concurrently. The Sub-Committee expressed the need to develop the City-side of Treasure Island as a "destination" for visitors, in addition to the commercial area, as early as possible in the phasing cycle.

The Sub-Committee also expressed concerns that the current plan was too fragmented into small areas of development and extended over too long of a development cycle. (8 phasing increments with 16 distinct projects) It was felt that several of the proposed development phases could/should be combined to provide concurrent development of larger areas of the Island earlier in the development cycle.

In addition, specific issues such as the public safety components of the plan, fire and police protection, should be completed in Phase One of the plan. Also, the improvements for the Treasure Island School, which is a very important requirement for attracting families to Treasure Island, should be completed in Phase One or early in Phase Two.

The Wetlands were another area of concern. Members felt that the Wetlands development, because it will be a primary destination of visitors to Treasure Island and takes several years to mature into its final form, should be started much earlier in the development plan. In order to achieve this objective, a plan should be put in place to provide for the relocation of residents currently in housing in the Wetlands area much earlier in the development cycle.

The objectives of the concerns noted above are to establish, as early in the development cycle as possible, a complete, viable community for the residents of the Islands and a "destination" that visitors will want to return to over and over again. The Sub-committee also wants to insure that development (construction) activity does not impair or harm the enjoyment of the residents of the Islands over extended periods of time. The all of the construction projects in each section of the Islands should be as completed as sequentially and quickly as possible so that the impact on all residents and visitors of the Island is minimized and occur over the shortest period of time.

There was a strong emphasis on encouraging the developer to build development increments that are complete and constitute full neighborhoods rather than fragments of neighborhoods as the current phasing plan indicates.

Any phasing strategy needs to address the interface between the Job Corps facilities and adjoining neighborhoods; what are the ideas and what stage of development will they be implemented?

The Developer noted that several of these concerns were expressed in earlier meetings and that they were being studied with the expectation that the Phasing Plan will be modified and suggestions would be incorporated into the Plan in the near future.

The Sub Committee suggested that a revised or modified Phasing Plan should be presented to the CAB and the Sub Committee for review and comment. There is a belief that the overall Plan is only acceptable if it can be supported by a strong Phasing Concept.

Adjourned: 7: 50 P.M.

Notes

Notes

Notes

bioRxiv preprint doi: <https://doi.org/10.1101/067890>; this version posted November 1, 2016. The copyright holder for this preprint (which was not certified by peer review) is the author/funder, who has granted bioRxiv a license to display the preprint in perpetuity. It is made available under aCC-BY-NC-ND 4.0 International license.



TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

**Draft Minutes of Special Meeting
Treasure Island Development Authority
April 17, 2006**

City Hall, Room 416
1 Carlton B. Goodlett Place
San Francisco, CA

1. Call to Order: 1:40 PM

Roll Call Present: Claudine Cheng (Chair)
Jesse Blout
Jared Blumenfeld
John Elberling
Matthew Franklin
Marcia Rosen

Excused: Supervisor Chris Daly

Ms. Joanne Sakai, Deputy Executive Director, San Francisco Redevelopment Agency stated staff is requesting to take Item 13 out of order on the regular agenda

13. Approval of Audit Committee Recommendations

Mr. Michael Cohen, Mayor's Office of Base Reuse,

Director Rosen motioned for approval of the resolution, as amended

Director Blout seconded the motion

The item was approved unanimously

2. Report by Deputy Executive Director of the San Francisco Redevelopment Agency

Ms. Joanne Sakai, Deputy Executive Director, San Francisco Redevelopment Agency presented the report.

+ Events held on the Island include a trade show and dinner by the Urban Farmer Store, use of locations on the Island for photo shoots, sporting events, a party by Onyx Pharmaceuticals, and proms and private parties.

+ The TIHDI annual fundraiser will be held on April 27th in Building 1

+ On the evening of April 3rd a police pursuit from the Mission District ended up on Treasure Island. Reports were that the police handled this situation professionally.

+ Several letters are in the communications section regarding the transfer of 54 units on Treasure Island as approved by the Board at the last meeting. There was confusion based on the letters sent to the community regarding this letter and the unit transfer to TIHDI. Staff has issued letters of clarification to tenants about this issue. Based on natural attrition rates of the units, it is expected that all residents will have a unit to transition into.

3. Report by the Mayor's Office of Base Reuse and Development

Mr. Michael Cohen, Mayor's Office of Base Reuse and Development, stated that a sustainability workshop will be held on Thursday April 20th at the Port's Pier 1 office to continue the public dialogue on how to make Treasure Island a model for sustainability. The Navy has issued a FOST for Yerba Buena Island, which is a significant regulatory and procedural hurdle. Tomorrow the CA State Senate Transportation and Housing Committee will hear SB 1841, which amends state law so that immediately upon the transfer of Treasure Island from the Navy to TIDA, the on and off-ramps would become part of the State highway system.

Director Cheng asked what percentage of land on Treasure Island is not part of the recent FOST. Mr. Cohen stated about 65 to 70 percent of the base are covered by the FOST, and about 55% of Treasure Island proper is covered by the FOST.

Director Elberling asked how close is a plan for new on and off-ramps for redevelopment. Mr. Cohen stated that the MTA is formulating a Project Study Report that is required as part of SB 1841 which addresses this issue and provides various alternatives for the ramps. The legislation calls for this to be done by the end of 2007, staff would like it finished sooner than that.

4. Communications

There was no discussion by the Board of the Communications

5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board

Ms. Karen Knowles-Pearce, CAB chair, stated the CAB held its monthly meeting the previous Tuesday and were presented the revised Housing Plan. There have been subcommittee meetings but they are not prepared to present findings at this meeting.

6. Ongoing Business by Directors

There was no on-going business discussed

7. General Public Comment

There was no public comment on this item

8. Consent Agenda

There was no public comment on the Consent Agenda

Director Blout motioned for approval of the Consent Agenda

Director Elberling seconded the motion

The Consent Agenda was approved unanimously

9. Presentation of Revised Housing Plan

Mr. Jack Sylvan, Mayor's Office of Base Reuse and Development, presented the revised housing plan. The previous affordable housing plan contemplated a development plan of 2,800 housing units. The current development plan evolution now contemplates 5,500 units and staff wanted to bring the plan back to show how the affordable housing component changes in relation. This plan also addresses feedback from the TIDA Board and the CAB. The important principles in this document are recognition that an opportunity exists to prioritize family housing and make Treasure Island a place supportive of the Board of Supervisor's and the Mayor's policy directive to attract and retain families, providing amenities beneficial to families. Overall, projected housing tenure is 70% for sale, 30% rental. Market rate units are projected 85% for sale units, 15% rental units.

Director Blout asked if the overall 70-30 split assumes more rentals in the affordable units. Mr. Sylvan stated that it's estimated that 55% of the affordable units are rental and 45% are for-sale.

Director Rosen asked what the percentage of the overall affordable housing is inclusionary. Mr. Sylvan stated that half of the 30% affordable units are projected as inclusionary.

Mr. Sylvan stated that approximately half of the units are in low-rise structures, approximately 30% of the units are estimated to be in mid-rise buildings, and approximately 15% of the units would be in the high-rise buildings. All buildings will be designed to meet high level green building standards. What has not changed is that 30% of all the units are still affordable, which is a total of 1,650 units. The three different mechanisms for affordable housing are the TIHDI units, agency or TIDA units, and inclusionary units. Important to note that the project is contributing nearly \$400 million to affordable housing on the Island.

Director Elberling asked what "the project" means

Mr. Sylvan stated that meant revenues generated on the Island such as tax-increment, developer contributions, and infrastructure costs borne by public finance or developer contribution that is equity.

Mr. Sylvan stated the TIHDI housing component is guided by the 1996 TIHDI agreement between TIHDI and the City and County of San Francisco. TIHDI currently has 196 units and will be adding 54 units next year. In terms of new housing, TIHDI will have a total of 410 units, 250 of which are replacements to what they will be occupying in July, 2007. The developer will provide TIHDI with pads to build 160 additional units. The second component is Agency units, which number approximately 560 units. Stated that 5-10 years down the line TIDA may have different priorities and can allocate those units appropriately, current assumption for pro forma purposes is that 30% of these units are for sale and 70% are rental. The third component is inclusionary units, which are 15% of all privately built market rate units, which comes to 680 units. The tenure mix will be consistent with the market rate units' tenure, which is 85% for-sale, 15% rental. As staff updated this document, it was analyzed that the rest of the City has an inclusionary unit count of 12%. The component of inclusionary should be between 12 and 15%.

Stated that CA Redevelopment Law dictates that 15% of all units be affordable, and 6% of those be affordable to very low income, and this project will far exceed this goal. Long term affordability will be ensured and 50% of tax-increment dedicated to affordable housing has been assumed. The phasing of affordable units will be approximately 30% at each phase of build-out, and new units will be built prior to the current units being demolished. Stated the inclusionary units are phased in along with the percentage of privately developed units. Affordable housing is distributed throughout the neighborhoods and throughout the product types. The pro-forma attached to the document has been reviewed by TIHDI and their consultant as well as the Mayor's Office of Housing. Estimated subsidy to affordable housing is approximately \$400 million, in two components, infrastructure costs and building construction.

Director Blout asked how much of the \$400 million is projected to be increment.

Mr. Sylvan stated approximately \$126 million.

Director Blout asked how that balance gets to the projected \$240 million.

Mr. Sylvan stated this summary assumes what is not covered by tax-increment is covered by developer subsidy.

Director Elberling asked if the developer will have to provide this financing in some form of cash when required.

Mr. Sylvan stated the DDA will outline the terms for this funding.

Director Elberling asked who is responsible to cover any overages.

Mr. Sylvan stated that the timing and structure for these payments will be established. As the actual development is being phased-in over time this is something to be determined.

Director Elberling stated this is a big question as to who is at risk to cover overages on term-sheet assumptions. Asked where the project funding for infrastructure is coming from, if it is another bond or financing district.

Mr. Sylvan stated that the assumption is that 50% of the tax-increment could fund affordable housing and that could include the infrastructure. This means there is a gap outside of the affordable housing pro-forma, in the project pro-forma, which needs to be filled by the developer.

Director Elberling asked what account or source is the \$104 million going to come from.

Mr. Sylvan stated that it is the developer contribution for infrastructure.

Director Franklin stated the verbiage in the packets had a different number.

Mr. Sylvan stated the infrastructure piece is \$157 million total, of which approximately \$100 million is developer contribution, the remainder is tax-increment financing.

Director Rosen stated that affordable housing set-aside or tax-increment are not usually used for street-level infrastructure like streets and sewers, just for the per-unit necessary to develop the affordable housing. Stated every private sector developer has an inclusionary obligation which is usually invisible instead of looking at cash-value to the final project. Stated it is a big policy issue to determine if affordable housing funds are segregated as opposed to being put in a pot for overall infrastructure costs which might deplete the subsidy. Stated it is important to determine whether the developer is going to have a fixed cash obligation based on information now or whether they will have a make-whole for affordable housing commitment based on changing numbers, availability of other subsidies and other such variables. Important to know if it is an

obligation in dollars or an obligation to get to 30% affordable units. Cost of delivering inclusionary should not be included in this number. Stated she hopes this principle is included in the DDA and not a fixed-number. Stated the principles of having wide range of affordability and housing types is good, but the CRL does not provide a sufficient benchmark to guarantee that. Stated she would like to see a standard of higher than 6% for very low income affordability. With the tenure mix where ownership is targeted to higher median income households than rental is, staff needs to look closely at the tenure mix and the flexibility for that is in the non-inclusionary affordable units, and a guarantee of very affordable units more than the 6% that CRL requires. Stated she would like to see a majority of the non-inclusionary affordable be rental and a substantial portion of that be dedicated to 50% or below median income.

Mr. Sylvan stated the pro-forma assumes the average affordability level for the rental units is 50% of average median income so within that range there could be many at 30-35% and some slightly above that with the 70-30 agency units' tenure mix.

Director Rosen stated that San Francisco has not generally used the CRL minimum as its minimum and it is more important to establish that and ensure that a wide variety of households have access to that, and not just formerly homeless households. Urged that the inclusionary not be lowered below 15% because in order to meet 30% with limited resources the inclusionary would need to be 15%, the CRL specifically provides that meeting CRL production goals permits an agency to impose a 15% inclusionary requirement on a project by project basis.

Director Blumenfeld stated he is concerned about the socio-economic aspects of creating a neighborhood. Asked how to achieve a principle of mixing the low-income residents with the rest of the residents to create a true inclusionary aspect of the plan.

Mr. Sylvan stated the principles state that affordable housing will be spread throughout the product types as well as how the Island is organized to integrate people.

Director Blumenfeld stated he was worried that discussions about high-rise building seemed to exclude affordable housing from the high-rises.

Mr. Sylvan stated this was to provide flexibility to where the inclusionary units are. The plan will indicate blocks where the TIHDI units are, the principle is to assure that the units are spread throughout the Island, the plan will have a map that indicates where the affordable units are.

Director Blumenfeld stated the interaction of these blocks or residents is important and difficult.

Director Franklin stated he suggests that 15% of the 30% should include reference to a regulatory function of TIDA to sit down with market-rate developers to identify the inclusionary units on a floor by floor basis. Stated he thought this would be an appropriate function for the Authority. Stated that the Authority should have similar sign-off on the development of the phasing, stated he was pleased to see that the phasing plan commits to phasing all three types pro-rata. Stated it will be the case that there will be some buildings that may be all affordable or all TIHDI, but it doesn't mean these buildings can't be fully integrated.

Director Rosen stated that at Mission Bay there was a pro-rate share of the sites considered on a scale by most desirable to least desirable in order to protect against the affordable housing being given the least desirable parcels. Stated one of the ways to foster community is to have common spaces be included throughout the market rate and affordable housing.

Director Cheng asked at which point would it be appropriate to look at selecting sites or parcels. Mr. Sylvan stated this will likely be done during the DDA process.

Director Blumenfeld stated something at a broad level informing the discussion in the term sheet would be very helpful.

Director Elberling stated that the community building will need to be discussed in more detail, as there is often not discussion between properties, such as his experience with Mendelssohn House and Museum Parc where the social interaction is about zero. Stated this community building doesn't happen by accident. Asked what the assumed interest rate underlying this pro-forma is. Mr. Sylvan stated it is 7%

Director Elberling asked if a possible outcome is for all market rate units to become for-sale. Mr. Sylvan stated for-sale market rate units are capped at 85%.

Director Elberling stated it is easy to foresee a large amount of families moving into affordable units, this is not the case in market-rate units. A two person couple may buy a three bedroom unit for extra space. Asked if anything is done to prevent non-families from buying family units. Mr. Sylvan stated limiting who can buy market-rate units would add an additional layer jeopardizing the feasibility of the project.

Director Blout stated he has not yet seen an analysis of the 15% tenure for rental of market-rate units. Stated he would like to know what the economic trade-off of that policy decision would be and if it indicates any lost revenue for the project.

Mr. Sylvan stated the market-rate housing is supporting the project, staff can provide analysis on this to assist the Board in its decisions.

Director Cheng asked if this plan would be presented again.

Mr. Sylvan stated the next version of this plan will be within the development plan document, which will incorporate all the comments received.

Public Comment

Ms. Ruth Gravanis stated she was happy to hear discussion about building community and that equitable distribution alone will not solve this problem. Stated the community spaces are where this interaction takes place, and there are many other ways to locate public spaces and encourage interaction. As a result the community spaces should be mixed throughout the project. Important to not find economic segregation in transportation as well. Stated she is nervous that the term sheet is now called a development plan and hopes people think more about the terminology.

Ms. Sherry Williams, TIHDI Executive Director, stated TIHDI feels comfortable with assumptions made in the plan, but a lot of the financing is public financing and TIHDI does not make decisions on these funds. Looking to the City to indicate support for using public funds to replace the current units and pads, assuming this will be memorialized in the DDA. In order for this to be counted on a public declaration is needed supporting using public resources for construction of this housing. Acknowledged the hard work of Jack Sylvan, TICD, the TIHDI Board and the Mayor's Office of Housing.

Ms. Eve Bach, ARC Ecology, stated she hopes that an analysis of the trade-offs between rental and ownership housing is not limited to economic trade-offs and ignores the social trade-offs. Stated the project needs to consider the need for a continuum of income, issues of absorption rates not just land values. Stated that a large amount of ownership housing is coming on-line the same time as this project, and this market may then be saturated. Stated that living on Treasure Island is something of a leap depending on the transportation plan. People need to have the opportunity to try it out, it will be an unusual experience and people need to make a different level of commitment than if they were buyers. The important point is there needs to be a continuum of income, which rental housing provides.

Director Cheng asked if the Board of Supervisors Land Use Committee has been briefed on this item.

Mr. Sylvan stated the Committee was very interested in the transportation plan and will provide the updated transportation plan after it is presented to the TIDA Board. Land Use Committee members have not asked about the affordable housing plan but staff can speak with them about it.

10. Clarification of Commitment to the 54 Households Affected by Unit Transfer Between John Stewart Company and TIHDI

Mr. Marc McDonald, TIDA Facilities Director, stated at the last meeting the Board approved a transfer of 54 units from the John Stewart Company to TIHDI. This was a return of units from TIDA to TIHDI, as they had originally been transferred to TIDA from TIHDI. A letter was sent by the John Stewart Company to residents, and there was some misunderstanding amongst the residents over this letter. A clarification has been sent indicating that none of the residents affected by this transfer who are in good standing will not be evicted from the Island, people affected by this will be relocated to another comparable unit, people who are transferred will not have their rent increased as a result of the transfer, residents being transferred will be provided a month of free rent, transferred residents will be offered month-to-month leases upon choice of the affected household and the ability to move to a new unit prior to the expiration of their current lease. Based on John Stewart Company conversations with affected residents to date, this seems to cover the issues of those that are affected by the transfer.

Ms. Loren Sanborn, John Stewart Company, stated a letter was sent out which they felt was not an eviction notice. Another letter has been drafted as well. Reported the meetings they have had so far with affected residents have not been uncomfortable, everyone so far has been gracious. Apologized for the letter not being more sensitive.

Director Blumenfeld asked if this type of transfer has happened before.

Ms. Sanborn stated they have moved residents before, Stated the second letter was clear and hopefully cleared things up.

Director Elberling asked if the 20% turnover rate was consistent with their other market rate housing.

Ms. Sanborn stated it was comparable, stated it is higher on Treasure Island than the Presidio.

Director Elberling asked if there was any sense as to why it was higher on Treasure Island.

Ms. Sanborn stated that she assumes people move there and "try it out", there has been more moving activity with the market being softer these days. Stated that most people who leave the Island are buying homes.

Director Franklin stated that the John Stewart Company does an excellent job, asked that the Board be kept apprised of the process throughout the year.

Public Comment

Ms. Susan DeVico, Treasure Island resident, stated that very few of the 54 households going forward were expecting this letter. Stated that it is valuable that people being impacted by a vote of the Authority be notified in these cases ahead of time.

Marie, Treasure Island resident, stated she is a resident who is being transferred and it has not been a problem and she has no problem transferring to another unit.

Juanita, Treasure Island resident, stated she was homeless at one time and now she understands the need for more housing on Treasure Island for low-income families. Since living on Treasure Island she has received many benefits and opportunities, including helping the children in the community and joining a church on the Island.

Ms. Emily Rapaport, SFICA co-chair, stated that SFICA welcomes the 54 households moving onto the Island. Stated that due to the turnover rate there was no guarantee that the 54 households would be able to transfer to another unit. Stated that people have known about this transfer years ago and instead a letter went out which was tantamount to an eviction notice in her opinion. Stated she hoped the 54 households would be fully integrated into the community. For moving people, a month's rent will not be enough. Stated SFICA is asking that people's moving expenses be compensated, stated that the John Stewart Company has offered to help move people.

Mr. Don Hess, TIHDI Board member, stated that the TIHDI Board thought about this issue in many different ways. Unfortunately the letter that went out did not reflect their intentions. Concern for tenants, no matter who they are, is just as important as moving in new TIHDI tenants to the TIHDI Board. Much discussion was had about how to alleviate the hardship on the families that have to move. Stated it is clear from today that everyone is on the same page, no one wants unnecessary relocation.

Ms. Sherry Williams, TIHDI Executive Director, stated that individual units in individual buildings are impossible to properly manage. Buildings were chosen throughout the neighborhood in order to integrate the TIHDI units completely, as opposed to what the previous speaker indicated.

Director Blumenfeld asked what more the Authority could do to notice meetings better, as a previous speaker indicated that the Authority is not doing enough to notice the meetings for issues that affect residents.

Ms. Williams stated one option is to call each resident individually. Stated generally agendas are noticed, and are on the website. Anyone with questions can call the Commission Secretary. There is really nothing more that could be done within reason.

Director Elberling suggested a list-serve for Treasure Island residents be set up in order for residents to receive notices and agendas.

Ms. Sanborn stated that to correct Ms. Rapaport John Stewart Company did not offer to move people, staff has offered to assist in the process in any way they can.

Director Rosen asked if there was any contact between the SFICA and John Stewart staff and TIDA staff.

Ms. Sakai stated there is an email that was sent from SFICA to the general TIDA email. Director Rosen stated it is unfortunate that this conflict seems to have escalated due to a matter of tone, not content. Stated it always was the intent of the Board that these units would eventually be transferred back to TIHDI. Stated that no-one has a lease of more than one year, and as this is 16 months out it is beyond any existing lease. Stated it is unreasonable for people to expect certain rights well beyond their existing lease. Stated she hopes any remaining hard feelings will be worked out.

Director Rosen motioned for approval of the item.

Director Blumenfeld seconded the motion.

The item was approved unanimously.

11. & 12. Amendment of Sublease with Walden House and Community Housing Partnership

Mr. Marc McDonald, TIDA Facilities Director, stated these items transfer 12 units to Walden House and 42 units to Community Housing Partnership. The plan is to transfer certain buildings to the organizations to scatter the housing throughout the community.

Director Rosen stated there is a discrepancy in the term of these lease amendments between the resolutions and the lease amendments. The resolution says 2014 and the staff summary says 2022.

Mr. McDonald stated that is a typo on staff's part. The term ends in 2022.

Director Rosen asked if further capital investments are necessary on these units.

Director Elberling stated the original term envisioned was seven years for the units.

Director Rosen stated Ms. Sherry Williams indicated that further work on the units will not be necessary. Asked for clarification on the term.

Mr. McDonald stated this was to assure that these particular units are incorporated into the development.

Director Franklin asked what the funding was for the sponsors and what the housing program was.

Mr. Ron Libien, CEO of Walden House, stated one program is a FOTEP program funded by the Department of Corrections through 2009. The other group is substance abuse rehabilitation participants and is funded by the Department of Human Services.

Mr. Brett Vaughn, Community Housing Partnership, stated they are working with the Mayor's Office of Housing and Department of Human Services to identify funding for the programs. One of the units will also be designated as a staff unit.

Director Rosen motioned for approval of Item 11
Director Blumenfeld seconded the motion
Item 11 was approved unanimously

Director Rosen motioned for approval of Item 12
Director Blumenfeld seconded the motion
Item 12 was approved unanimously

Director Blout left the Board at 3:00 PM

14. Approval of Issuance of a Request for Proposals for the Operation and Programming of the Treasure Island Gymnasium

Mr. Peter Summerville, TIDA staff, presented the Request for Proposals document. The current agreement between Catholic Charities/CYO and the Authority expires on June 30, 2006. The gym operation contract is a three year term with a price of \$215,000. The RFP seeks responses from experienced recreation providers with a goal to find an operator to at the least maintain, if not exceed, the current level of service provided at the gymnasium. This organization should be able to program recreation and leisure activities for a wide variety of residents. The document seeks responses which detail previous community involvement and experience, how the proposer will program the gym, a financial proposal, indication of any plans to use the facility for special events and tournaments, plans for renovations to the facility and commitment to execution by the proposer. A main goal is to limit any downtime associated with the transfer from Catholic Charities/CYO to the new proposer.

Director Elberling asked if the gymnasium will eventually be demolished.

Mr. Jack Sylvan, Mayor's Office of Base Reuse, stated that under the current phasing plan the gymnasium will be in the later stages of planned demolition.

Director Elberling asked if the RFP asks for proposers to indicate what will keep the gymnasium functional for the next ten years or so until it is demolished.

Ms. Summerville stated the renovations should achieve this.

Director Elberling asked if there has been an assessment of what the building requires.

Mr. Marc McDonald, TIDA Facilities Director, stated the facility underwent a major renovation when opened in 2004. Outstanding identified renovations include work on the roof, the back bathrooms and the shower facilities. Conversations with DPW indicate that the gymnasium lighting is inefficient and could stand to be replaced.

Director Elberling stated that all repairs should be done at once to make the place suitable for the next ten years.

City Attorney Donnell Choy stated that the document calls for a term of "up to three years"; if it is a three year term this should be clearer.

Director Rosen asked if the term was for a maximum of three years or a straight three year term. Stated that the term should be three years without the optional extensions.

Public Comment

Ms. Sherry Williams, TIHDI Executive Director, stated she is concerned about the timeline in that it is tough to get operational before the July 1 termination of the current agreement.

Suggested extending the agreement with Catholic Charities beyond July 1 to assure the gym remains open through the summer.

Mr. Summerville stated staff would contact Catholic Charities to see if they would be agreeable to such an extension.

Director Blumenfeld motioned for approval of the item

Director Cheng seconded the motion

The item was approved unanimously

15. Selection of a Vice President/Secretary of the TIDA Board

Director Elberling asked if this item could wait until a new member is appointed to the Board.

City Attorney Choy stated that the President can sign resolutions in the meantime

Director Elberling motioned to continue this item

Director Cheng seconded the motion

The item was unanimously continued to the call of the Chair

Director Rosen left the Board at 3:30 PM

16. Closed Session for Conference with Real Property Negotiators

There was no public comment on the closed session item

Director Blumenfeld motioned to move to closed session

Director Cheng seconded the motion

The TIDA Board went to closed session at 3:32 PM

The TIDA Board reconvened in open session at 3:45 PM

Director Elberling motioned not to disclose the closed session discussion

Director Cheng seconded the motion

The motion not to disclose was approved unanimously

17. Discussion of Future Agenda Items by Directors

There were no items discussed

18 The meeting adjourned at 3:48 PM





AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (b)

May 10, 2006

Subject: **Resolution Authorizing the Use by the Berkeley Symphony Orchestra of a Photographic Image Which is Property of the Authority (*Action Item*)**

Staff Contact/Phone: Peter Summerville (415) 274-0660

SUMMARY OF PROPOSED ACTION:

Approval of the use by the Berkeley Symphony Orchestra of a photographic image, taken by TIDA staff and property of the Authority, in promotional materials for the Orchestra

BACKGROUND:

In April of 2006 staff of the Berkeley Symphony Orchestra in Berkeley, CA contacted TIDA staff requesting permission to use an image, currently displayed on the website of the Authority, to illustrate printed materials promoting the Orchestra's upcoming season of concerts.

The image is of a view of the East Bay hills and campus of the University of California, Berkeley as seen from the eastern shoreline of Treasure Island, and was taken by Authority staff in 2003. The image is attached as Exhibit A. The Berkeley Symphony Orchestra wishes to use the image to illustrate the inside of a free promotional flyer listing their concerts and performances in the upcoming year, and will properly credit the Authority as the source of the image.

Because this image is considered artistic property of the Authority, staff seeks Board consideration of the requested use of the image

RECOMMENDATION:

Staff recommends approval of use of the image by the Berkeley Symphony Orchestra for the purpose of illustrating the Orchestra's promotional material.

EXHIBITS:

- A. Photograph of the East Bay Hills and the University of California, Berkeley as seen from the Eastern shoreline of Treasure Island. 2003.

1 [Use of Photographic Image Property of the Authority]

2 **Authorizing the Use by the Berkeley Symphony Orchestra of a Photographic Image**
3 **Which is Property of the Authority**

4 **WHEREAS**, On May 2, 1997, the Board of Supervisors (the "Board") passed
5 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
6 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
7 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
8 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
9 the public interest, convenience, welfare and common benefit of the inhabitants of the City
10 and County of San Francisco; and,

11 **WHEREAS**, Under the Treasure Island Conversion Act of 1997, which amended
12 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
13 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
14 as a redevelopment agency under California redevelopment law with authority over the Base
15 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
16 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
17 administer the public trust for commerce, navigation and fisheries as to such property; and,

18 **WHEREAS**, The Authority has received a request from the Berkeley Symphony
19 Orchestra for use of an image, taken by TIDA staff, and posted on the Authority website, for
20 the purpose of use in promotional materials for the Berkeley Symphony Orchestra's 2006 –
21 2007 season; and

22 **WHEREAS**, This image shall be used solely in promotional materials and not in a
23 published volume or as a for-sale material, and the Berkeley Symphony Orchestra will
24 properly credit the Authority for use of the image; now therefore be it,
25

RESOLVED, that the Board of Directors hereby authorizes use of the photographic image, attached to this resolution as Exhibit A, by the Berkeley Symphony Orchestra for the sole purpose of illustrating promotional material for the Orchestra's upcoming season.

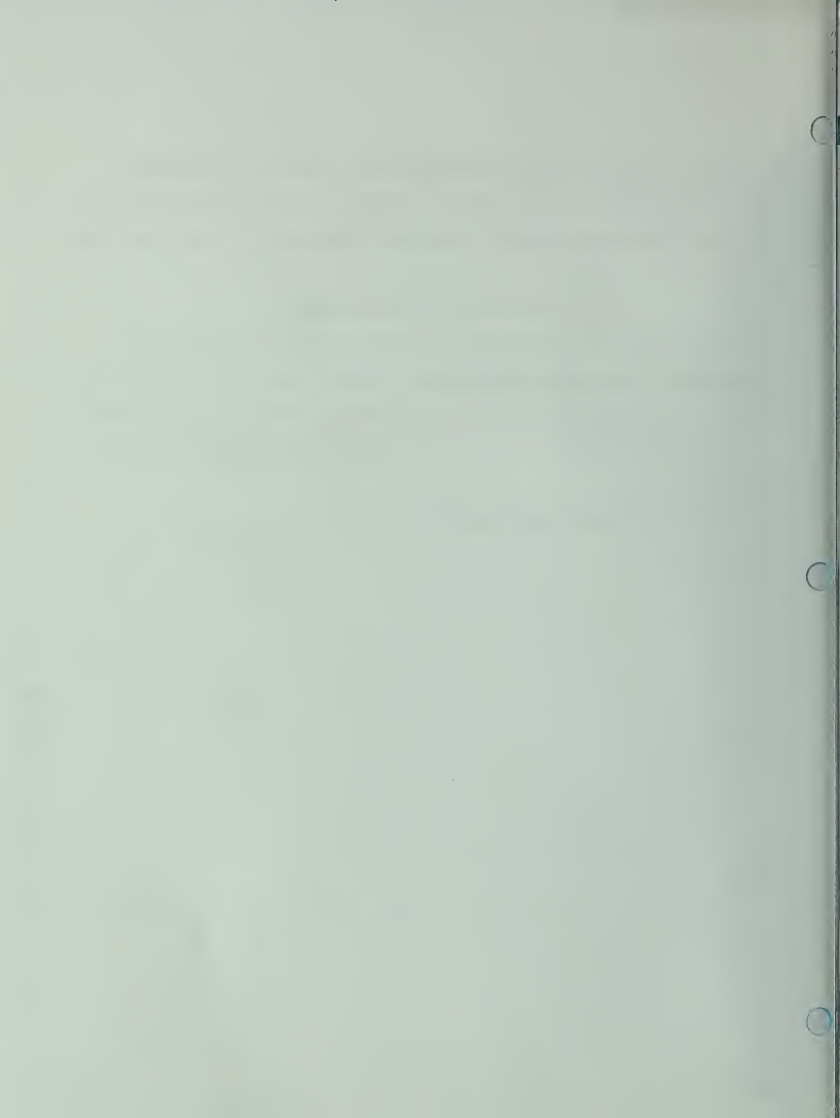
CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on May 10, 2006.

Claudine Cheng, President



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT











AGENDA ITEM
Treasure Island Development Authority

Agenda No: 8 (c)

Meeting Date: May 10, 2006

Subject: Resolution Authorizing the Executive Director to Extend the Term of the Use Permit with Laura Bertone of Pax Fluid Systems for Use of a Portion of Pier One Through May 31, 2007 and to Increase the Permit Fee By Three Percent(Action Item)

Staff Contact: Marc McDonald
(415) 274-0660

BACKGROUND

In August 2001, the Authority issued a six-month Use Permit to Laura Bertone of Pax Fluid Systems for the use of 150 linear feet on the southern side of Pier One. Subsequently, in April 2002 the Authority approved a twelve-month extension of the term of the Use Permit. Pax Fluid Systems is a private company in the business of researching and designing efficient methods of propulsion. The 150-foot research vessel, named Chaleur, has been renovated from an old minesweeper to a research lab. Laura Bertone is the caretaker and owner of the vessel and a managing partner of Pax Fluid Systems.

Berthing of the Chaleur at Pier One does not affect the Authority's ability to utilize the Pier for other activities. A key condition to the permit is the promise by the permittee that the vessel's VHF and Single Side Band radios are available to the Authority to assist in an emergency event.

Staff proposes to increase the permit fee on June 1, 2005, from \$1,030.00 per month to \$1,060.90 per month (\$7.07 per lineal foot). A review of berthing rates in the Oakland and Alameda indicate the linear foot rate for the Chaleur is within market range. Staff further proposes to amend the permit agreement to require annual adjustments of the permit fee by an amount not less than three percent per year.

Laura Bertone has requested an extension of the term of the Use Permit. Authority staff wishes to extend the term of the Use Permit through May 31, 2006 at the current permit rate. All other terms and conditions of the agreement will remain the same.

RECOMMENDATION

Staff recommends approval.

EXHIBITS

A Amendment to Use Permit Between the TIDA and Laura Bertone of Pax Fluid Systems

[Extension of Use Permit with Laura Bertone]

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXTEND THE TERM OF THE USE PERMIT WITH LAURA BERTONE OF PAX FLUID SYSTEMS FOR USE OF A PORTION OF PIER ONE THROUGH MAY 31, 2007, AND TO INCREASE THE MONTHLY PERMIT FEES BY THREE PERCENT.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed resolution No. 380-97 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single purpose entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation, and fisheries as to such property; and,

WHEREAS, The Tidelands Trust encourages maritime-oriented uses of trust property; and,

1 **WHEREAS**, In order to facilitate productive reuse of the Base, it may be beneficial for
2 the Authority to lease or license property from the Navy and, in turn, sublease or sublicense
3 such property to third-parties or use such property for municipal purposes; and,

4 **WHEREAS**, The Treasure Island Development Authority, ("Authority") and the United
5 States Navy, ("Navy"), entered into a master lease on September 4, 1998, for the South
6 Waterfront Area, which master lease has been amended from time to time; and,

7 **WHEREAS**, The master lease enables the Authority to sublease portions of the master
8 leased area for interim uses; and,

9 **WHEREAS**, On August 7, 2001, the Authority and Laura Bertone of PAX Fluid
10 Systems ("Permittee") entered into a six-month Use Permit (the "Permit") pursuant to which
11 the Authority conferred to Permittee a personal, non-exclusive and non-possessory privilege
12 to enter upon and use an area (the "Licensed Area") consisting of approximately 150 linear
13 feet of space along the southern edge of Pier 1, and,

14 **WHEREAS**, On May 12, 2004, the Authority approved an extension of the Use Permit
15 to December 31st 2004; and,

16 **WHEREAS**, On June 1, 2005, the Authority staff and Permittee agreed to increase the
17 monthly permit rate by 3% to \$1030.00 per month, and,

18 **WHEREAS**, On February 8, 2006, the Authority approved an extension of the Use
19 Permit to May 31st 2006; and,

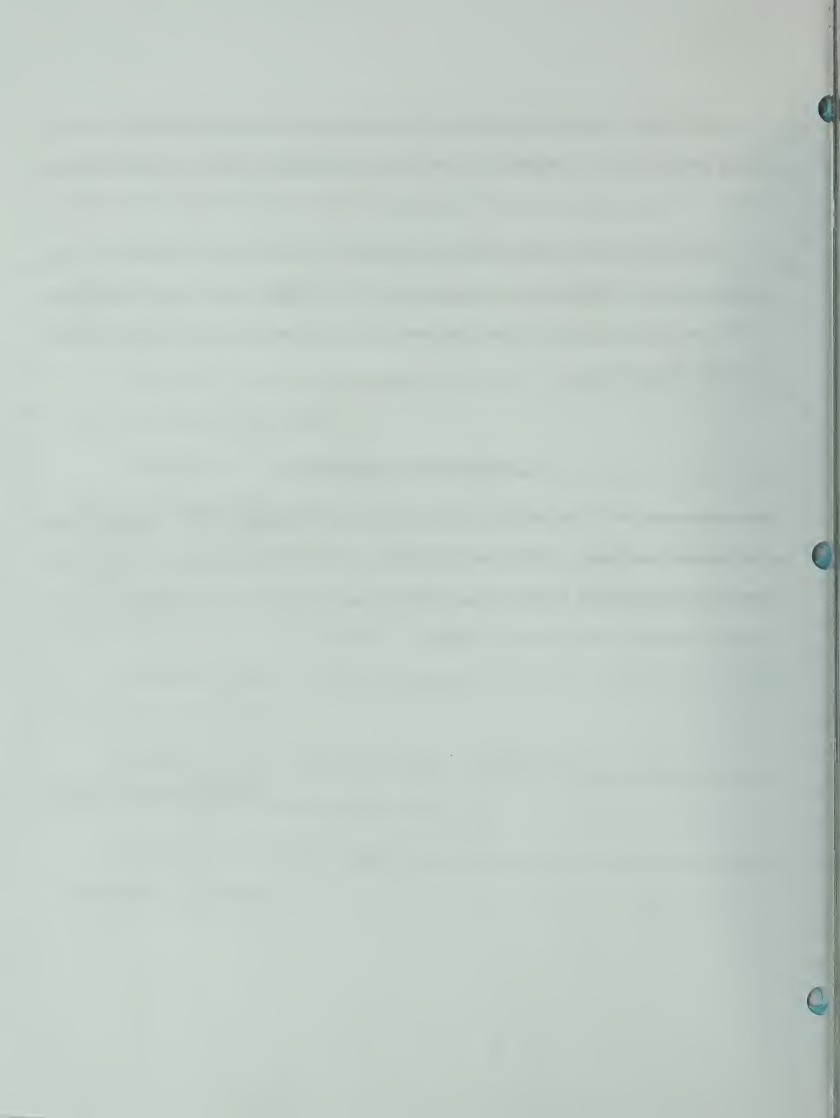
1 **WHEREAS**, The Authority staff and Permittee agreed to extend the term of the Use
2 Permit through May 31, 2006 and to increase the permit fee three percent (3%); now therefore
3 be it

4 **RESOLVED**, That Treasure Island Development Authority Board of Directors hereby
5 authorizes the Executive Director to extend the term of the Use Permit through May 31, 2007
6 and to execute an amendment to the Use Permit for such extension at the monthly permit rate
7 of \$1,060.90 per month.
8

9
10 **CERTIFICATE OF SECRETARY**
11

12 *I hereby certify that I am the duly elected and acting President of the Treasure Island*
13 *Development Authority, a California nonprofit public benefit corporation, and that the*
14 *above Resolution was duly adopted and approved by the Board of Directors at a*
15 *properly noticed meeting on May 10, 2006.*
16
17
18

19 _____
20 **Claudine Cheng, President**
21
22
23
24
25





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**FOURTHAMENDMENT TO
USE PERMIT**

THIS FOURTH AMENDMENT TO USE PERMIT (this "Amendment") dated for reference purposes only as of May 10, 2006, is made by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY ("Authority") and Laura T. Bertone of Pax Fluid Systems, (Permittee").

RECITALS

WHEREAS, the Authority and Permittee entered into that certain Use Permit dated January 29, 2002 (the "Permit"), whereby the Authority conferred upon Permittee a personal, non-exclusive and non-possessory privilege to enter upon and use a portion of Pier 1 as depicted thereon in Exhibit B (the "Premises") attached to the Permit; and

WHEREAS, the Parties amended the Permit to extend the term thereof to December 31, 2004; and

WHEREAS, the Parties amended the Permit to extend the term thereof to December 31, 2005; and

WHEREAS, the Parties amended the Permit to extend the term thereof to May 31, 2006; and

WHEREAS, the Parties wish to further amend the Permit to extend the term thereof up to May 31, 2007 and to increase the permit fee three percent (3%), subject to the terms and conditions of the Permit.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree to amend the Permit as follows:

1. Paragraph 8 of the Permit is amended to read as follows:

"8. **Term of Permit.** The privilege conferred to Permittee pursuant to this Permit shall begin at 6:00 a.m. on Monday, February 4, 2002 to use Piers 1 and continue on a month-to-month basis not to exceed May 31, 2007. Either Party may, in its sole discretion, terminate this Permit by giving thirty (30) days prior written notice to the other Party. Permittee hereby acknowledges that the underlying Master Lease with the Navy currently on a month-to-month basis and that Sublandlord anticipates but cannot guarantee that the Navy will extend the term of such Master Lease to or beyond May 31, 2007. In the event that the Master Lease terminates for any reason, Permittee agrees that this Permit shall terminate immediately upon the termination of the Master Lease. "

2. Paragraph 23 of the Permit is amended to read as follows:

23. Permit Fees; Liquidated Damages for Failure to Surrender as Required; Annual Adjustments. Permittee shall pay to TIDA a month to month non-refundable permit fee in the amount of One Thousand Sixty Dollars and Ninety Cents (\$1,060.90), due and payable on the first day of each month.

Adjustments in Permit Fees. If this Permit has not been terminated, then on each anniversary date of the Commencement Date specified in Section 8 of this Permit ("Adjustment Date"), the Permit Fee shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

2. Except as expressly amended in this Fourth Amendment, all other terms and conditions of the Permit shall remain in full force and effect.

Sublandlord and Subtenant have executed this Fourth Amendment in triplicate as of the date first written above.

PERMITTEE:
LAURA T. BERTONE

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

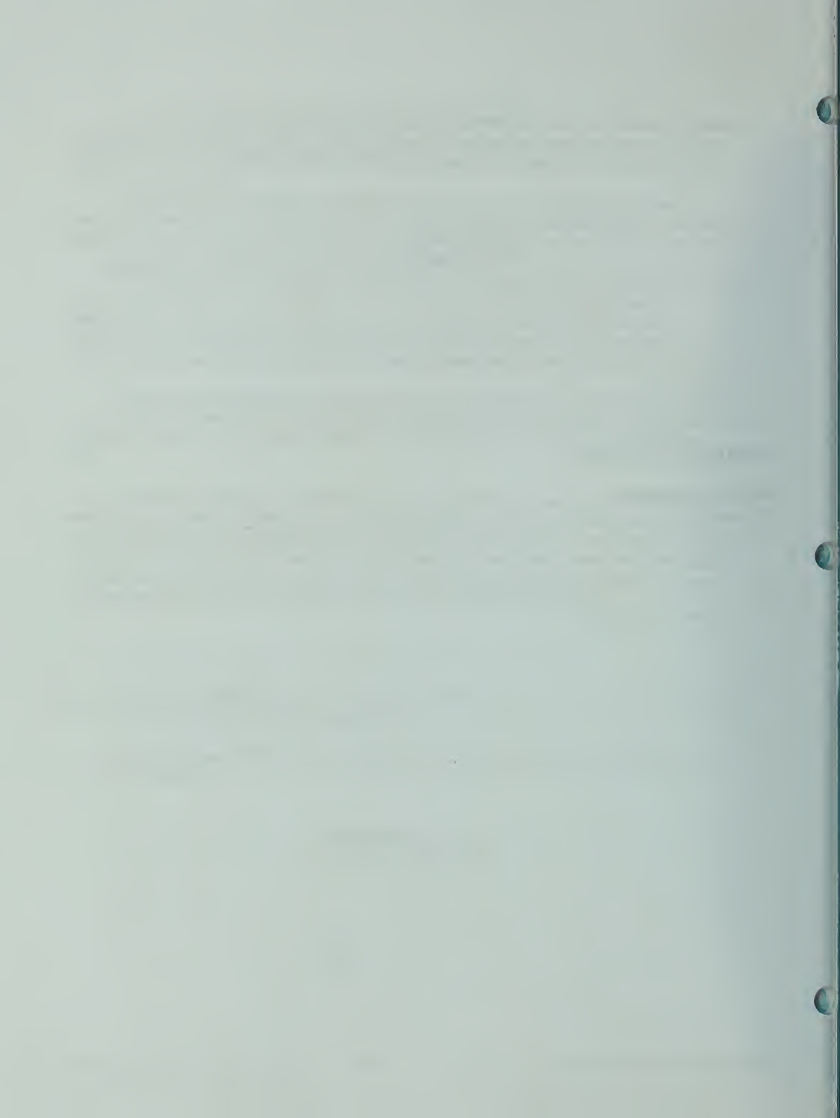
AUTHORITY:
TREASURE ISLAND DEVELOPMENT AUTHORITY

Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney





AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (d)

May 10, 2006

Subject: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RETROACTIVELY AMEND THE SUBLEASE WITH SAN FRANCISCO GOLDEN GATE YOUTH RUGBY, TO EXTEND THE TERM ON A MONTH-TO-MONTH BASIS NOT TO EXCEED APRIL 30, 2007, AND TO INCREASE THE RENT BY \$30.00 PER MONTH FOR A PORTION OF THE PREMISES.

Staff Contact/Phone: Marc McDonald, Facilities Manager
(415) 274-0660

SUMMARY OF PROPOSED ACTION

This item seeks the approval by the Authority to retroactively extend the term of the sublease with San Francisco Golden Gate Youth Rugby to use a portion of Building 34 and the adjacent field through April 31, 2007. Rent for 1,000 square feet in Building 34 will be increased to \$1,030 per month beginning May 1, 2006. Rent for the 54,000 square foot field will be \$5,400 per month (\$0.10 psf per month) beginning May 1, 2006.

BACKGROUND:

For nine years, the San Francisco Golden Gate Youth Rugby (SFGGYR) has been giving children in San Francisco the opportunity to play rugby. The mission of the SFGGYR is to foster regional and local sports competitions and promote the principles of sportsmanship, fellowship, hospitality and a high standard of athletic participation in rugby football within San Francisco and Northern California. Over the past year they have created a new sports field by converting an open, unimproved field to a competitive class rugby pitch. Work included grading, sodding and the installation of an irrigation system. The SFGGYR has also begun assisting youth on Treasure Island by teaching them how to play rugby football. The result has been an improvement in the quality of life in the community.

During the Navy's occupation of the island, Building 34 was used as a commissary for personnel. Between 1997 and 2006, a portion of the building was used for storage by the tenant, City Store. The balance of the building had very little use and was the subject of extensive vandalism. In April of 2006, San Francisco Golden Gate Youth Rugby ("SFGGYR") took occupancy of approximately 1,000 square feet in Building 34. They built out meeting space, locker rooms and showers in the formerly abandoned building. Additionally they converted a formerly open field into a competitive class rugby pitch.

Currently, SFGGYR occupies 1,000 square feet in Building 34. They pay \$1,000 per month (\$1.00 psf) for the space. In accord with staff practice the lease rate will increase

by the greater of the change in the Consumer Price Index or 3%. The lease will be amended to reflect this practice, with resulting rent of \$1,030.00 per month.

Additionally, SFGGYR has made significant improvements to the playing field by removing rocks, asphalt, debris and concrete and replacing the rubble with a sodded and lined field with an automatic sprinkler system. The total value of the improvements to the field, exceeded \$70,000. The board approved the staff recommendation that the investment in the field, up to a maximum of \$64,800 would be eligible for treatment as a credit against their rental obligation for the field. In accord with this plan, SFGGYR is now eligible to pay rent in the amount of \$5,400 per month (\$0.10psf) for the use of the field that they have improved.

RECOMMENDATION:

Staff recommends approval of the extension of the sublease with San Francisco Golden Gate Youth Rugby on a month-to-month basis not to exceed April 30, 2007, and adjustment of the rent for the premises for the portion of Building 34 that is part of the Premises.

EXHIBITS:

- A. Amendment to Sublease between TIDA and San Francisco Golden Gate Youth Rugby

[Retroactively Amend Sublease with San Francisco Golden Gate Youth Rugby]

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RETROACTIVELY AMEND THE SUBLEASE¹ WITH SAN FRANCISCO GOLDEN GATE YOUTH RUGBY, TO EXTEND THE TERM ON A MONTH-TO-MONTH BASIS NOT TO EXCEED APRIL 30, 2007, AND TO INCREASE THE RENT BY \$30.00 PER MONTH FOR A PORTION OF THE PREMISES.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997(the "Act"), which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Board of Directors"), has the power, subject to applicable laws, to enter into agreements or

1 contracts for the procurement of goods and services related to the activities and
2 purpose of the Authority; and

3 **WHEREAS**, On May 10, 2006, the Authority approved the First Amendment to extend
4 the term of the Sublease on a month-to-month not to exceed April 31, 2007, and to
5 increase the rent to One Thousand and Thirty Dollars per month for the premises in
6 Building 34, and to commence charging monthly rent of \$5,400 for the rugby field; and,
7

8 **WHEREAS**, The San Francisco Golden Gate Youth Rugby ("Subtenant") wishes to
9 continue to use and occupy the Premises under the Sublease on a month-to-month basis
10 not to exceed April 31, 2007, rent at \$1,030.00 per month for 1,000 square feet in Building
11 34 and \$5,400 per month for the field; now therefore be it

12 **RESOLVED:** That the Board of Directors hereby approves and authorizes the
13 Executive Director to extend the term of the sublease with San Francisco Golden Gate
14 Youth Rugby on a month-to-month basis not to exceed April 31, 2007, provided that
15 nothing herein shall limit the Authority's ability to terminate the Sublease on thirty days
16 notice as provided in the Sublease; and, be it

17 **FURTHER RESOLVED:** That the Board of Directors approves the rent
18 increase for the 1,000 square feet in Building 34 to \$1,030.00 per month and
19 authorizes the Executive Director to enter into a First Amendment to Sublease with
20 San Francisco Golden Gate Rugby in substantially the form attached hereto as Exhibit
21 A.
22
23
24
25

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors at a properly noticed meeting on May 10, 2006.

Claudine Cheng, President





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT



FIRST AMENDMENT TO SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

GOLDEN GATE YOUTH RUGBY CLUB

as Subtenant

For the Sublease of

Building 34

Naval Station Treasure Island

San Francisco, California

May 10, 2006

**FIRST AMENDMENT TO
TREASURE ISLAND SUBLEASE**

THIS FIRST AMENDMENT TO SUBLEASE (the "FIRST Amendment"), 10th day of May 2006, is by and between the Treasure Island Development Authority ("Sublandlord") and the San Francisco Golden Gate Youth Rugby ("Subtenant"), which is a non-profit public benefit corporation. From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Amendment to the sublease is made with reference to the following facts and circumstances:

- A. On April 13, 2005, the Parties entered into that certain Sublease (the "Sublease") whereby Sublandlord subleased to Subtenant approximately 1,000 square foot in Building 34 of the Property and a 54,000 square foot parcel of land bounded by Avenue H, 3rd Street, Avenue I and California Avenue as an athletic field for a term expiring on May 1, 2006,
- B. Subtenant desires to retroactively renew said sublease for a term of 12 months through April 31, 2007,
- C. On May 10, 2006, the Authority's Board of Directors authorized the Executive Director to enter into this FIRST Amendment.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

- A. Paragraph 3.1 of the Original Sublease is as follows:

3.1 **"Term of Sublease.** The term of this Sublease shall commence on May 1, 2005 (the "Commencement Date") and continue on a month to month basis expiring on May 1, 2006, (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease.

- B. Paragraph 3.1 of the Original Sublease is hereby amended to read as follows:

3.1 **"Term of Sublease.** The term of this Sublease shall commence on May 1, 2006 (the "Commencement Date") and continue on a month to month basis not to exceed April 31, 2007, (the "Expiration Date"), unless sooner terminated or extended pursuant to the terms of the Sublease. Either Party may, in its sole discretion, terminate this Sublease by giving thirty (30) days prior written notice to the other Party. Subtenant hereby acknowledges that the underlying Master Lease with the Navy currently is scheduled to terminate on December 1, 2006, and that Sublandlord anticipates but cannot guarantee that the Navy will extend the term of such Master Lease beyond the date of December 1, 2006. In the event that the Navy refuses to extend the term of the Master Lease, Subtenant agrees that this Sublease shall terminate upon the termination of the Master Lease.

C. Paragraph 4.1 of the Original Sublease is as follows:

4.1 Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord One Thousand Dollars (\$1,000.00) (the "Base Rent") per month for premises in Building 34. Further, throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord deferred rent equal to Five Thousand Four Hundred Dollars (\$5,400.00) (the "Deferred Rent") for the Athletic Field. Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Rent for such fractional month shall be prorated based on a thirty (30) day month.

D. Paragraph 4.1 of the Original Sublease is hereby amended to read as follows:

4.1 "Base Rent. Beginning on May 1, 2006, Subtenant shall pay to Sublandlord One Thousand and Thirty Dollars and no cents (\$1,030.00) (the "Base Rent") per month for premises in Building 34. Further, Beginning on May 1, 2006 Subtenant shall pay to Sublandlord rent equal to Five Thousand Four Hundred Dollars (\$5,400.00) for the Athletic Field. Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Rent for such fractional month shall be prorated based on a thirty (30) day month. If this Sublease has not been terminated, then on each anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("Adjustment Date"), the Base Rent shall be increased by 3%."

E. Except as expressly amended in this Amendment, all other terms and conditions of the Sublease shall remain in full force and effect.

Sublandlord and Subtenant have executed this Amendment in triplicate as of the date first written above.

SUBTENANT:
Golden Gate Youth Rugby Club

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

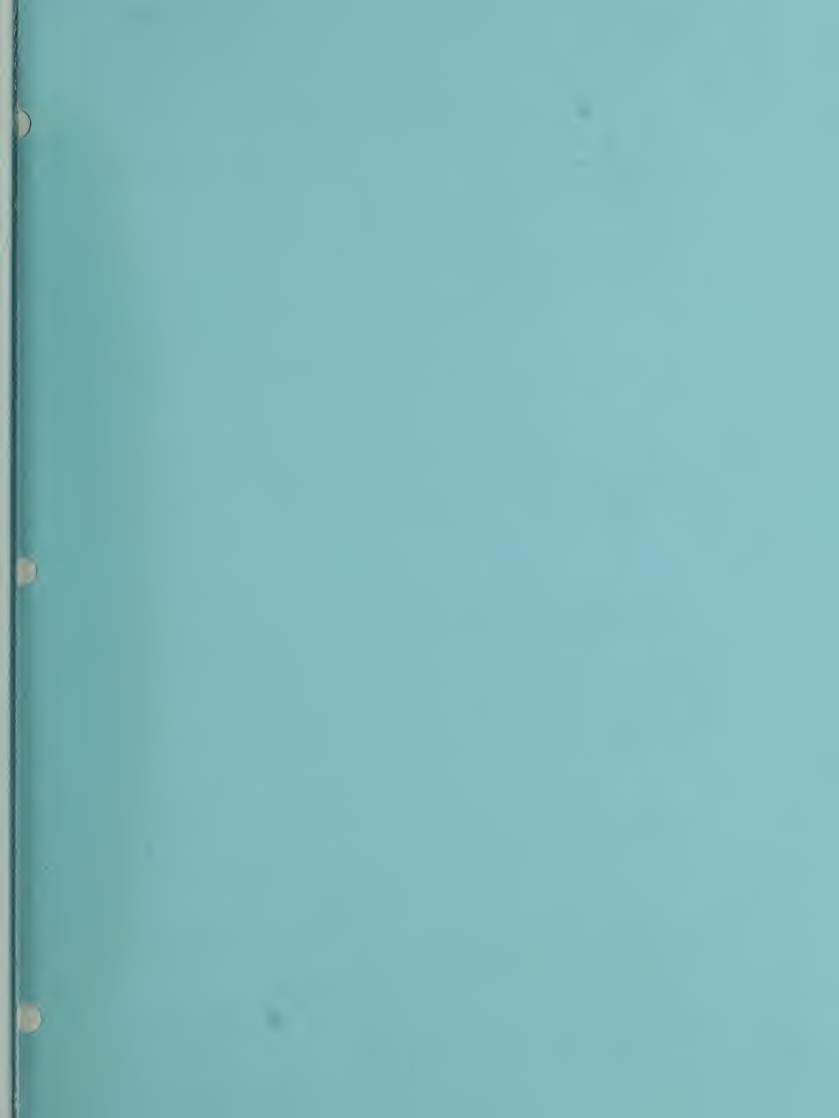
By: _____

Its: _____

Approved as to Form:

DENNIS J. HERRERA,
City Attorney

By _____
Deputy City Attorney





AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (e)

May 10, 2006

Subject: Authorize the Interim Executive Director to execute a sublease for a term of 12 months with Two one-year extensions vested in the Board in its sole and absolute discretion with KMT Management, LLC for the use of Building 140 (The Nimitz Conference Center) containing a total of 24,169 square feet.

Staff Contact: Marc McDonald, Facilities Manager
Phone: (415) 274-0660

SUMMARY OF PROPOSED ACTION:

Staff is requesting the Authority approve, and authorize the Interim Executive Director to execute a sublease for a term of 12 months with two one-year extensions at the sole and absolute discretion of the Board with KMT Management, LLC for the use of Building 140 (The Nimitz Conference Center) containing a total of 24,169 square feet.

BACKGROUND:

The Nimitz Conference Center, a former conference center for the US Navy, sat unused for five years until Rent Productions was given the building for a term of eight months in exchange for cosmetic and roof repairs. Rent Productions made valuable improvements to the facility, including mold abatement, carpet repair, rodent extermination and restroom repairs. The improvements, while valuable, did not bring the building up to rentable standards. The facility still needs accessibility improvements in accordance with the Americans with Disabilities Act (ADA), a heating system needs to be installed, the fire suppression system needs to be repaired and the building needs additional interior and exterior cosmetic improvements.

KMT Management, LLC (KMT) proposes to make cosmetic and code related improvements to the Nimitz Conference Center to make it suitable for use as a meeting center. Improvements will include ADA upgrades, interior/exterior painting, lighting system upgrades, health and safety improvements and other improvements to bring the facility into code compliance as a meeting facility.

KMT is a conference organizer and conducts training and development conferences. While it conducts conferences in venues throughout the West Coast, it would like to base its operations temporarily on Treasure Island. KMT considers the Nimitz Conference

Center an ideal location because it contains office space as well as space for breakout rooms, large assemblies and small meeting spaces.

KMT's plan calls for them to make initial improvements to the western portions of the building, including the entrance, the lobby, the Treasure Room and two restrooms. Upon completion of these improvements in approximately six months, KMT will conduct conferences in those areas, consisting of approximately 4,200 square feet, and begin making improvements to the balance of the building. Upon completion of the balance of the building, which KMT anticipates being the anniversary date of the second lease year, assuming the Board extends the sublease KMT will open the full building for use as a conference facility.

In support of these improvement plans, staff recommends a rental structure that will allow KMT cash flow to pay for improvements. The rental structure would provide KMT free rent for the first six months of the term. Beginning the seventh month, KMT will take occupancy of 4,200 square feet of the building and pay the Authority \$4,200 per month (\$1.00 per square foot (psf) which amounts to rent for the full building at \$0.17 psf per month. If the Board approves the first extension on the anniversary date of the sublease, the rent will be adjusted by the greater of the change in the Consumer Price Index or 3%. KMT will continue to build out the balance of the building over the next twelve months and take occupancy of the full building upon completion of build-out. If the Board approves an extension on the second anniversary date of the sublease, the rent will be adjusted to \$24,169 per month or \$1.00 psf per month for the full building. Subsequently, the rent will be adjusted on the anniversary date by the greater of the change in the Consumer Price Index or 3%.

This will be NNN sublease, meaning all utilities, insurance and other building operating expenses will be the responsibility of KMT.

KMT plans to enter into this agreement fully aware of the risks in this plan, with full knowledge that the sublease may be terminated at any time by the US Navy. KMT understands that transfer of the base from the Navy could lead to termination of the sublease. KMT further recognizes that any extension to the sublease is subject to the sole and exclusive discretion of the Authority and that ultimately development of the island will lead to demolition of the building. In full cognizance of these risks, KMT still wants to enter into the sublease with the Authority for the purpose of basing its development and training business in the Nimitz Conference Center.

RECOMMENDATION:

Staff recommends approval of the sublease with KMT

EXHIBITS:

A. Sublease between TIDA and KMT Management, LLC.

1 [Authorizing a Sublease with KMT Management, L.L.C. for a term of 12 Months with Two
2 Options for Authority to Extend the Term]
3 **Authorize the Executive Director to Execute a Sublease for a Term of 12 Months with**
4 **Two One-Year Extensions Vested in the Board in Its Sole and Absolute Discretion with**
5 **KMT Management, LLC for the Use of Building 140 (The Nimitz Conference Center)**
6 **Containing a Total of 24,169 Square Feet.**

7
8 **WHEREAS**, On May 2, 1997, the Board of Supervisors (the "Board") passed
9 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
10 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
11 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
12 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
13 the public interest, convenience, welfare and common benefit of the inhabitants of the City
14 and County of San Francisco; and,

15 **WHEREAS**, Under the Treasure Island Conversion Act of 1997, which amended
16 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
17 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
18 as a redevelopment agency under California redevelopment law with authority over the Base
19 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
20 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
21 administer the public trust for commerce, navigation and fisheries as to such property; and,

22 **WHEREAS**, The Authority and the United States of America, acting by and through the
23 Department of the Navy entered into Master Lease (Lease No. N6247498RP00Q03), as
24 amended for use of certain property, including Building 140 known as the Nimitz Conference
25 Center on California Avenue on Treasure Island; and,

1 **WHEREAS**, The Master Lease enables the Authority to sublease the leasehold
2 premises for interim use; and,

3 **WHEREAS**, Following negotiations, Authority and KMT Management, LLC agree to the
4 terms of a sublease commencing on May 15, 2006 and terminating on April 30, 2007; and

5 **WHEREAS**, Following negotiations, Authority and KMT Management, LLC agree that
6 the Authority shall have the sole and exclusive right to extend the term of the agreement for
7 two additional terms each of which shall not exceed twelve months; and,

8 **WHEREAS**, Authority and KMT Management agree that the fair monthly rent for the full
9 improved premises described above is Twenty Four Thousand One Hundred and Sixty Nine
10 Dollars (\$24,169.00) NNN per month for the 24,169 square foot building; and,

11 **WHEREAS**, Authority and KMT Management, LLC agree that the premises described
12 above are in need of improvement in order to meet the building code requirements of the City
13 and County of San Francisco; and,

14 **WHEREAS**, Authority and KMT Management, LLC agree that in exchange for the
15 promise of KMT Management, LLC to make such improvements, Authority will agree to a
16 reduced rent schedule; and,

17 **WHEREAS**, Authority and KMT Management, LLC agree to a reduced rent schedule
18 by which the Authority will provide free rent for months one through six, base rent in the
19 amount of \$4,200 from month seven through the second anniversary date of the agreement
20 and base rent in the amount of \$24,169.00 commencing on the second anniversary date of
21 agreement; and,

22 **WHEREAS**, Base rent shall be adjusted on the anniversary date by the greater of the
23 change in the Consumer Price Index or 3%, whichever is greater; and,

24 **WHEREAS**, KMT Management, LLC has agreed to the terms and conditions described
25 above; now therefore be it





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

SUBLEASE

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

KMT Management, Limited Liability Corporation

as Subtenant

For the Sublease of

Building 140

**Treasure Island Naval Station
San Francisco, California**

_____, 2006

TREASURE ISLAND SUBLEASE

Table of Contents

<u>Section</u>	<u>Page</u>
1 PREMISES.....	1
2 COMPLIANCE WITH MASTER LEASE.....	3
3 TERM.....	4
4 CONSIDERATION.....	5
5 TAXES, ASSESSMENTS AND OTHER EXPENSES.....	6
6 USE; COVENANTS TO PROTECT PREMISES.....	7
7 ALTERATIONS.....	8
8 REPAIRS AND MAINTENANCE.....	9
9 LIENS.....	10
10 COMPLIANCE WITH LAWS.....	11
11 ENCUMBRANCES.....	12
12 DAMAGE OR DESTRUCTION.....	12
13 ASSIGNMENT AND SUBLETTING.....	13
14 DEFAULT; REMEDIES.....	13
15 RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION.....	14
16 INSURANCE.....	17
17 ACCESS BY SUBTENANT.....	20
18 SURRENDER.....	21
19 HAZARDOUS MATERIALS.....	21
20 GENERAL PROVISIONS.....	23
21 SPECIAL PROVISIONS.....	29

LIST OF EXHIBITS:

- EXHIBIT A – Master Lease
- EXHIBIT B – Diagram of Premises
- EXHIBIT C – Cover Page of Seismic Report
- EXHIBIT D – Rules and Regulations
- EXHIBIT E – Utilities
- EXHIBIT F – TIHDI Work Force Hiring Plan

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated _____, 200_, is by and between the Treasure Island Development Authority, a California public benefit corporation ("Sublandlord"), and KMT Management, LLC, a _____ ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. The Property includes Building 140 as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

C. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. **Subleased Premises.** Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises, including the improvements thereon and the non-exclusive right to use the parking area shown on Exhibit B.

1.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in Section 6

of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

Sublandlord shall provide Subtenant with additional information about the seismic conditions of the Premises as it becomes available. Subtenant retains the right to terminate this Sublease at any time upon written notice to Sublandlord if, on the basis of such additional information, it reasonably deems the Premises to be unsafe for occupancy.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

2.2. Performance of Master Landlord's Obligations. Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

2.3. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.4. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.5. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. **Term of Sublease.** The term of this Sublease shall commence on May 16, 2006 (the "Commencement Date") and continue on a month to month basis expiring on May 1, 2007, (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease. For the purpose of this sublease the parties agree that the Anniversary Date of this Sublease shall be May 1.

3.2. **Extension by Mutual Agreement of Parties.** In the event that Subtenant wishes to extend the Term for an additional period of time beyond the Expiration Date, Subtenant shall provide Sublandlord with a written request to extend the Term at least thirty (30) days prior to the Expiration Date. If Subtenant provides such timely written request, Sublandlord agrees to negotiate in good faith with Subtenant to extend the Term of this Sublease, but in no event shall such obligation to negotiate in good faith require an extension that exceeds twelve (12) months. Any extension of the Term shall not be effective unless the extension is approved by Sublandlord's Board of Directors in their sole and absolute discretion. If Sublandlord and its Board of Directors approve any extension of the Term, the Expiration Date will be extended subject to any conditions that Sublandlord and/or its Board of Directors may impose, including without limitation, any increase in the Base Rent or modification of any other provisions in this Sublease. If Sublandlord and Subtenant agree upon any extension of the Term as set forth herein, Subtenant may request two (2) additional extensions of time in accordance with the provisions of this Section 3.2. If any uncured event of default by Subtenant is outstanding hereunder either at the time of Subtenant's written request to extend the Term or at any time prior to the first day of any extended Term approved by Sublandlord's Board of Directors (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Sublandlord may elect by notice to Subtenant to reject Subtenant's written request for extension, whereupon the Sublease shall terminate upon the Expiration Date and Subtenant shall surrender the Premises to Sublandlord in accordance with Section 18.1 of this Sublease.

3.3. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, or (iii) the Commencement Date.

4. RENT

4.1. **Base Rent.** Beginning on the Commencement Date, Subtenant shall pay to Sublandlord base rent in the amount of Four Thousand Two Hundred Dollars (\$4,200) per month (the "Base Rent"). Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

4.2. **Free Rent.** Sublandlord and Subtenant agree that the premises are not suitable for use in their current condition. During the first six months of tenancy, subtenant shall occupy the premises to make initial improvements to the western portions of the building, such portions including the entrance, the lobby, the Treasure Room and two restrooms containing a total of 4,200 square feet. In consideration for making improvements to the premises to make them suitable for use Subtenant shall have no obligation to pay rent throughout the first six months of the Term. Tenant shall take beneficial occupancy of 4,200 square feet of the premises beginning on the first calendar day of the seventh month of the Term. Therefore, beginning on the Commencement Date, Sublandlord shall waive Base Rent for the first six months of the term. Beginning on the first Calendar Day of the seventh month of the Term, Subtenant shall pay to Sublandlord Base Rent in the amount of \$4,200 per month.

4.3. **First Adjustment in Base Rent.** If this Sublease has not been terminated, then on the first anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("First Adjustment Date"), the Base Rent shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor

Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.4. Second Adjustment in Base Rent. Sublandlord and Subtenant agree that the portion of the premises that are not described in Section 4.1 above, (the "balance of the premises") are not suitable for use in their current condition. During the first twenty four months of tenancy, if this Sublease has not been terminated, subtenant shall occupy the balance of the premises to make improvements to the building, containing approximately 19,969 square feet. In consideration for making improvements to the balance of the premises to make them suitable for use Subtenant shall have no obligation to pay rent for the balance of the premises throughout the first twenty four months of the Term. Tenant shall take occupancy of the balance of the premises on the Second Anniversary of the Term, if this Sublease has not been terminated. Therefore, if this Sublease has not been terminated, then on the second anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("Second Adjustment Date"), the Base Rent shall be increased to Twenty Four Thousand One Hundred and Sixty Nine Dollars (\$24,169.00) per month.

4.5. Subsequent Adjustments in Base Rent. If this Sublease has not been terminated, then on each anniversary date of the Second Adjustment Date specified in Section 4.4 of this Sublease ("Subsequent Adjustment Date"), the Base Rent shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.6. Additional Charges. In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes, common area maintenance charges, and other costs,

impositions and expenses related to the Premises as provided in Section 5 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any common area maintenance charge (the "Navy CAM Charge") levied by the Master Landlord on the Premises (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.7. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.8. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of the greater of the interest rate in effect that has been established by the Secretary of Treasury pursuant to Public Law, as described in Section 33 of the Master Lease, or ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes

and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, the Navy CAM Charge, and all property maintenance, including landscaping of parking areas and any other services necessary for Subtenant's use.

5.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. USE; COVENANTS TO PROTECT PREMISES

6.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for Office and Assembly Use, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

6.2. **Subtenant's Access to the Premises.** As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

6.3. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

6.4. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public

interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

6.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

7. ALTERATIONS

7.1. Improvements. Subtenant hereby acknowledges that the condition of Building 140 requires improvements including, but not limited to bringing the facility up to ADA standards, installation of electrical and heating systems, installation of a fire suppression system as well as additional interior and exterior cosmetic improvements. Subtenant and Sublandlord agree that Subtenant will perform such improvements and maintenance to the satisfaction of Sublandlord. Subtenant has agreed to perform improvements to the Premises as described above in accord with all rules and regulations of the City and County of San Francisco affecting such construction, including all permitting requirements and in accord with appropriate Building Codes. Subtenant further agrees that all improvements to the building shall be in strict accordance with all provisions of this Sublease, including without limitation, Sections 7.2, 8.1, 8.2, 8.3, 9, 10.1, 10.2, and 10.3.

7.2. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

7.3. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

7.4. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 7 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

7.5. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

7.6. Sublandlord's Alterations. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not

materially adversely affect the functional utilization of the Premises for the purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. Utilities. Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

8.3. Landscaping. Sublandlord shall maintain to the sole and exclusive satisfaction of Sublandlord the exterior landscaping of the Premises in good condition and repair.

8.4. Janitorial Services. Subtenant shall provide all janitorial services for the Premises.

8.5. Pest Control. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.6. Trash. Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit F. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to

make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

9. LIENS

9.1. Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, and all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Ten Thousand Dollars (\$10,000) to repair, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 12.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

13.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 13.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

- (a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;
- (b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.
- (c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days; and
- (d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

- (a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that

Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other

waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or

liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the

Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

16. INSURANCE

16.1. Subtenant's Insurance. Without in any way limiting Subtenant's liability pursuant to Section 15 hereof, Subtenant shall procure and maintain throughout the Term of this Sublease the following insurance and pay the cost thereof:

(a) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, personal injury, products and completed operations. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(b) Workers' compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than One Million Dollars (\$1,000,000) each accident.

(c) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

(d) All risk property insurance insuring the Premises including, without limitation, any improvements, Alterations, furniture, fixtures and equipment located thereon, in an amount not less than full replacement value.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that,

should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in Section 20.1.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(a) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such certificates or policies, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease,

Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

16.7. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Sublandlord and Subtenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Subtenant does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Subtenant shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Sublandlord or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's

Agents or Subtenant's Invitees.

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

18.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

18.3. Security Deposit. Subtenant shall provide to Sublandlord upon execution of this Sublease a security deposit in the amount of Twelve Thousand Six Hundred Dollars (\$12,600) as

security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 18.3, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without

limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it

has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord:	Treasure Island Development Authority Treasure Island Project Office 410 Avenue of Palms Building 1, 2 nd Floor Treasure Island San Francisco, CA 94130 Attn: Executive Director Fax No.: 415-274-0299
--------------------------------	--

with a copy to:	Office of the City Attorney City Hall, Room 234 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 Attn: Donnell Choy Fax No.: (415) 554-4755
-----------------	---

Notice Address of Subtenant:
KMT Management, LLC.
1271 Washington Avenue #259
San Leandro, CA. 94577
Attn: Angie Toussaint
Fax No.: (510) 632-7272

Notice Address of Master Landlord:

DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
1455 FRAZEE ROAD, SUITE 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

T

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice.

20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker

or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals,

librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

20.22. Production/Film Coordination. No filming on the Premises shall depict the U.S. Military in any manner and no filming will be allowed outside of the improvements on the Premises unless Subtenant obtains prior written approval from Master Landlord. Subtenant further acknowledges and agrees to verify in writing to Master Landlord that any production being filmed at the Premises does not depict the U.S. Military in any manner (or to obtain Master Landlord's consent thereto) and to furnish a copy of the shooting script to the Department of the Navy ("DON"), Navy Office of Information, 11000 Wilshire Blvd., Los Angeles, California 90024. Whether the U.S. Military is being depicted is the only aspect of script content that is appropriate for DON review. The portrayal of any subject material other than the U.S. Military is the sole responsibility of the Subtenant.

20.23. Acknowledgment of Sublandlord in Credits. To the extent that any motion picture ("Picture") is photographed in whole or in part at the Premises, Subtenant agrees to use good faith efforts to acknowledge the cooperation of the City and County of San Francisco and the Treasure Island Development Authority in the credits of the Picture, on all positive prints of the Picture and in the end titles. All other matters with respect to said credit, including, without limitation, the size, style, nature and placement thereof, shall be within the sole discretion of Subtenant. No casual or inadvertent failure of Subtenant to comply with the provisions of this Section nor any failure on the part of third parties so to do shall constitute a breach of this Sublease by Subtenant.

20.24. Rights to Photographs and Sound Recordings. All rights to the photography and sound recordings made by Subtenant in connection with the Premises shall be solely owned by Subtenant in perpetuity in all media known and unknown throughout the Universe and Sublandlord shall have no rights, including, but not limited to, injunctive relief rights, with respect to the use or non-use of any photography and/or sound recordings by Subtenant and/or its affiliates.

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

21.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

21.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state

or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form**. As a condition to this Sublease, Subtenant shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the “HRC”). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-128-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference**. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.6. **No Relocation Assistance; Waiver of Claims**. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq.), except as otherwise specifically provided in this Sublease with respect to a condemnation of the Premises.

21.7. **MacBride Principles - Northern Ireland**. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.8. **Tropical Hardwood and Virgin Redwood Ban**. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the

application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

21.9. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.10. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

21.11. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

21.12. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of

Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

Nothing herein shall prevent Subtenant, through Sublandlord, from seeking a determination from the Commission on the Environment that it is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

21.13. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

21.14. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

21.15. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

21.16. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

21.17. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000), but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

21.18. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

21.19. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may

not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

KMT Management, LLC

_____,
a _____

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A
MASTER LEASE

1

EXHIBIT B

DIAGRAM OF PREMISES

1

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

EXHIBIT F

WORKFORCE HIRING AGREEMENT

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Fiscal Year 2006-07 Budget

Agenda Item No. 9
Meeting of May 10, 2006

Contact/Phone: Joanne Sakai, Interim Executive Director
John Farrell, Finance Director
274-0660

SUMMARY OF REQUESTED ACTION

Approving the budget of the Treasure Island Development Authority ("TIDA") for Fiscal Year 2006-07 ("FY2006-07"), and authorizing the Executive Director to submit the proposed budget to the Mayor of the City and County of San Francisco for further review and inclusion in the City's FY2006-07 Budget.

DISCUSSION

TIDA was established as a California nonprofit public benefit corporation and designated certain powers under state and local legislation for the purpose of promoting the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the former Naval Station Treasure Island (the "Base"). Specifically, the Treasure Island Conversion Act of 1997 (the "Act"), passed by the California legislature in 1997, granted to TIDA the State's authority to administer the Tidelands Trust on Treasure Island/Yerba Buena Island and enabled TIDA to be designated as a redevelopment agency under the California Community Redevelopment Law. The Board of Supervisors of the City and County of San Francisco ("City") established TIDA to manage the conversion of the former Base, which includes portions of Yerba Buena Island, from military use to civilian reuse.

The specific mission of TIDA is to redevelop the former Base and manage its integration with the City in compliance with federal, state and city guidelines, including the California Tidelands Trust; create new housing and job opportunities for San Francisco residents, including assuring job opportunities for homeless and economically disadvantaged City residents; increase recreational and Bay access venues for San Francisco and Bay Area residents; and promote the welfare and well being of the citizens of San Francisco.

To achieve these goals, TIDA provides services that can be grouped into two broad categories described in more detail below: (i) property management and municipal services; and (ii) the transfer of federal property to local jurisdiction and planning of redevelopment activities.

Property Management/Municipal Services. Under the provisions of a Cooperative Agreement between TIDA and the United States of America, acting by and through the Department of the Navy ("Navy"), TIDA serves as the property manager for the Base, and TIDA is responsible for building maintenance, utility operations and maintenance, landscaping, road repair, management of personal property, etc. In addition, the Cooperative Agreement made TIDA and the City responsible for the provision of municipal services to Treasure Island and Yerba Buena Island, including public safety services such as police and fire.

To offset the costs associated with property management and public service responsibilities, TIDA established two principal sources of revenue: (i) revenue generated from interim leasing of existing facilities; and (ii) revenue generated from special events on the Base.

These functions are provided by Treasure Island Project Office staff on the island. Currently, all Project Office staff are temporary employees of the San Francisco Redevelopment Agency. In FY 06-07, at the direction of the Authority and recommendation of an audit committee, the Project Office staff will transition to employment with the City Administrator's Office. Staff will continue to work on-site at Treasure Island and provide the same spectrum of services to the island community, leveraging support from other City departments including the City Administrator, the Mayor's Office of Neighborhood Services, the City Attorney, DPW, Police, Fire and Public Utilities Commission among others.

Transfer of Federal Property/Planning for Redevelopment Activities. As the designated Local Reuse Authority ("LRA"), TIDA, working through the Mayor's Office of Base Reuse and Development, is negotiating with the Navy to acquire all real property at the Base that has not been transferred to other federal agencies or the State of California. On Treasure Island proper (the flat portion of the Base composed of Bay fill) approximately 365 acres and on Yerba Buena Island approximately 115 acres will be transferred to TIDA.

In an effort to bring closure to the transfer process, TIDA formally requested in December 2002 that the Navy commence negotiating an "Early Transfer" of the Base to TIDA pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). Under CERCLA, the Navy has an obligation to complete all environmental remediation activities at the Base before a change in ownership can occur. However, under the Defense Environmental Program, the Navy is authorized to enter into an agreement with local agencies, such as TIDA, to carry out aspects of the Navy's remedial obligations with funds provided by the Navy after an Early Transfer. The terms for transferring the Navy's remedial obligations to TIDA, including the amount of funds to be made available for investigation and remediation of contamination at the base, will be set forth in an Environmental Services Cooperative Agreement ("ESCA") to be negotiated between the Navy and TIDA. The Navy and TIDA are in negotiations for an Early Transfer pursuant to an ESCA.

At the same time TIDA is negotiating with the Navy on the ESCA, TIDA also will need to negotiate a Consent Agreement with the California Environmental Protection Agency's Department of Toxic Substances Control ("DTSC," the state lead regulatory agency) to assure that DTSC concurs with the investigation and remediation proposal that forms the basis of the ESCA. Additional negotiations with the California Regional Water Quality Control Board – San Francisco Bay Region and/or the United States Environmental Protection Agency likely will be

required to assure their concurrence with certain aspects of the planned investigations and remediation proposals.

Simultaneously, TIDA is negotiating for the transfer of property based on its submittal of a revised Economic Development Conveyance application in 2004. The Mayor's Office of Base Reuse and Development is continuing to update the application based on the current redevelopment plans for the island.

TIDA is also engaged in an extensive public process involving developing a redevelopment plan for reuse of the islands. Working through the Mayor's Office of Base Reuse and Development, TIDA is negotiating with the prospective master developer, Treasure Island Community Development, LLC (TICD), who was selected through a competitive RFQ/RFP process on the plans, program and business terms of the redevelopment project. The plans will be memorialized in a Disposition and Development Agreement, that is supported by a Redevelopment Plan, General Plan amendments, environmental review consistent with the California Environmental Quality Act and a Tidelands Trust Exchange with the State Lands Commission, among other legal requirements. TIDA is also negotiating the plans and business terms for an expanded marina in Clipper Cove with Treasure Island Enterprises, which was selected via a competitive RFP process.

TIDA has designated the Mayor's Office of Base Reuse and Development as the lead negotiator and project management entity facilitating the redevelopment of former Naval Station Treasure Island on behalf of TIDA. The Office of Base Reuse works collaboratively with the Treasure Island Project Office as necessary to ensure effective coordination of interim reuse of the islands and long-term reuse of the property.

NOTABLE BUDGET CONSIDERATIONS:

- **REVENUES:** Total revenues are projected to be \$14,280,000 in FY 2006-07. Revenues from property management activities are projected at \$10,570,000, which includes \$1,800,000 from the Fire Department for its lease of training facilities on Treasure Island. TIDA's main revenue source of approximately \$7.6 million is from rental of housing units on Treasure and Yerba Buena Island, managed under an agreement with the John Stewart Company ("JSC"). An additional \$3,710,000 in revenues will be generated from reimbursements by the developer for TIDA's redevelopment planning related costs in FY 2005-06 and 2006-07.
- **EXPENSES:** The FY 2006-07 Budget provides for expenditures of \$14,274,111. Of this amount, \$2,710,000 is for redevelopment planning costs that will be incurred in FY2006-07, which will be 100% reimbursed by developer. Funding for the Police, Fire and DPW are maintained at a level consistent with FY 2005-06. An amount of \$1,100,000 is included in the FY2006-07 budget for the PUC, which is an increase of \$800,000 over FY 2005-06.
- **REIMBURSEMENTS:** The FY 2006-07 budget includes an estimated \$3,710,000 in reimbursements by the prospective master developer, TICD, for TIDA's redevelopment planning costs under the terms of the Exclusive Negotiation Agreement

(ENA) between TIDA and TICD. It is anticipated that there will be approximately \$2,710,000 in reimbursed redevelopment planning costs in FY2006-07. These costs include engineering services, fiscal and economic analysis, planning, and the reimbursement of services provided by the Mayor's Office of Base Reuse, City Attorney's Office and designated TIDA staff. The budget also includes \$1,000,000 in redevelopment planning expenses incurred in FY 2005-06 which will be reimbursed by TICD and available for expenditure in FY 2006-07. These revenues are reflected in the budget line labeled TI Administration.

- **AFFORDABLE HOUSING:** TIDA provides housing units and facilities to non-profit organizations affiliated with the Treasure Island Homeless Development Initiative on a rent-free basis to assist economically disadvantaged and homeless San Franciscans. A conservative estimate of this General Fund subsidy from providing 196 housing units is approximately \$3.0 million for FY2006-07.
- **OTHER CONSIDERATIONS:** The use of non-tax revenues to pay for City services is limited by two separate legal factors: (i) the Tidelands Trust and (ii) federal disposition rules governing "No-Cost" Economic Development Conveyances of base closure property. The following provides a brief discussion of each of these issues.

Tidelands Trust. Treasure Island proper and a small portion of Yerba Buena Island are subject to the Tidelands Trust, which is governed by the State Lands Commission. The Tidelands Trust requires that revenues generated from Trust lands be used for Trust purposes. As a result, revenues generated on Trust lands (i) must be carefully tracked, (ii) should not be used to pay for City services provided to non-Trust properties such as the greater part of Yerba Buena Island (including property owned by the Coast Guard), the Job Corps, and the Bay Bridge, and (iii) must be limited to reasonable costs that directly benefit the Trust. On the other hand, the Base's geographic remoteness and corresponding need for dedicated personnel may make such services sufficiently unique to justify using Trust revenues to pay for them.

REVENUES AND EXPENSES:

Revenue	Actual 05-06	Proposed 06-07	Change
TI ADMINISTRATION (REFLECTS REIMBURSEMENTS)	1,000	3,711,000	3,710,000
TI SPECIAL EVENTS REVENUES	550,000	550,000	0
YBI SPECIAL EVENTS REVENUES	5,000	5,000	0
TI COMMERCIAL REVENUES	475,000	340,000	(135,000)
TI FILM REVENUES	25,000	25,000	0
YBI FILM REVENUES/CELLSITE REVENUES	15,000	40,000	25,000
MARINA REVENUES	262,000	219,000	(43,000)
TI HOUSING REVENUES	6,860,000	6,670,000	(190,000)
YBI HOUSING REVENUES	1,050,000	920,000	(130,000)
FIRE DEPARTMENT RENTAL	1,800,000	1,800,000	0
REVENUE ADJUSTMENT	13,202	0	(13,202)
Total Revenues	11,056,202	14,280,000	3,223,798
Expenses			
MISC-REGULAR	943,397	850,378	(93,019)
RETIRE CITY MISC FRINGE BENEFITS	246,363	179,344	(67,019)
TRAVEL COSTS PAID TO EMPLOYEES	10,000	5,000	(5,000)
TRAINING COSTS PAID TO EMPLOYEES	8,000	8,000	0
LOCAL FIELD EXP	500	500	0
MEMBERSHIP FEES	1,200	1,200	0
PROMOTIONAL & ENTERTAINMENT EXPENSE	18,153	1,000	(17,153)
PROFESSIONAL & SPECIALIZED SVCS-BUDGET	864,000	2,990,000	2,126,000
SCAVENGER SERVICES	22,500	25,000	2,500
JANITORIAL SERVICES	130,000	130,000	0
GROUND MAINTENANCE (Landscaping)	725,000	725,000	0
OTHER BLDG MAINT SVCS	1,000	1,000	0
DPWP EQUIPMENT MAINT	1,000	1,000	0
RENTS & LEASES-EQUIPMENT-BUDGET	27,000	15,000	(12,000)
OTHER CURRENT EXPENSES - BUDGET	7,500	7,500	0
OTHER CURRENT EXPENSES (TIDHI Revenue Share)	800,000	650,000	(150,000)
INSURANCE - BUDGET	50,000	50,000	0
PAYMENTS TO OTHER GOVT (Navy CAM)	225,000	211,000	(14,000)
MATERIALS & SUPPLIES-BUDGET	10,000	10,000	0
IS-TIS-ISD SERVICES (AAO)	11,924	11,924	0
GF - DEPARTMENT OF ADMINISTRATIVE SERVICES	0	110,000	110,000
GF-MYR-INS & RISK REDUCTION (AAO)	5,000	5,000	0
GF-CITY ATTORNEY-LEGAL SERVICES (AAO)	412,400	900,000	487,600
GF-BUS & ECN DEV	150,000	200,000	50,000
GF-TIS-TELEPHONE (AAO)	32,216	32,216	0
GF-FIRE (AAO)	4,277,325	4,277,325	0
GF-HR-MGMT TRAINING (AAO)	1,500	1,500	0
IS-PURCH-CENTRAL SHOPS-AUTO MAINT (AAO)	3,000	3,000	0
IS-PURCH-CENTRAL SHOPS-FUEL STOCK (AAO)	2,000	2,000	0
IS-PURCH-REPRODUCTION (AAO)	5,224	5,224	0
GF-POLICE SECURITY (AAO)	765,000	765,000	0
GF-PUC-HETCH HETCHY (AAO)	300,000	1,100,000	800,000
SR-DPW-BUILDING REPAIR (AAO)	900,000	900,000	0
SR-DPW-ENGINEERING (AAO)	65,000	65,000	0
SR-DPW-CONSTRUCTION MGMT (AAO)	35,000	35,000	0
Total Expenditures	11,056,202	14,274,111	3,217,909

REVENUE DETAIL:

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Administration</u>	\$1,000	\$3,711,000	\$3,710,000

The TI Administration revenue category has historically been a minor revenue item that included miscellaneous collections including reimbursements from staff and public for photocopies, printed materials, postage, etc. In the FY 2006-07 budget, this revenue line has been expanded to also include revenues associated with reimbursement of TIDA's redevelopment planning costs by the prospective master developer, TICD, under the terms of the ENA. This change results in what appears as a significant increase in revenues from the prior fiscal year. The increase of \$3,710,000 reflects TIDA redevelopment planning costs that will be 100% reimbursed by the Developer (TICD). Approximately \$1,000,000 of these costs are estimated to be incurred in FY 2005-06 and it is anticipated that \$2,710,000 will be incurred in FY 2006-07. The remaining \$1,000 reflects miscellaneous collections including reimbursements from staff and public for photocopies, printed materials, postage, etc.

RECOMMENDATION: Increase by \$3,710,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Special Events Revenues</u>	\$550,000	\$550,000	No change

This amount reflects revenues received from special events held on Treasure Island such as corporate events, wedding receptions, chapel use, etc.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>YBI Special Events Revenues</u>	\$5,000	\$5,000	No change

This amount reflects revenues received on Yerba Buena Island from photo shoots.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Commercial Revenues</u>	\$475,000	\$340,000	(\$135,000)

This amount reflects executed leases for space on Treasure Island and a small amount of additional revenues associated with conservative estimates of new leasing activity during FY 2006-07. For FY2006-07 we recommend \$340,000 as follows:

<u>Tenant</u>	<u>Monthly Rent</u>	<u>Annualized</u>
Island Creative	\$19,058	\$228,696
Kidango	630	7,560
Rex Liu	515	6,180
Shipshape (CAM Charge Only)	144	1,728
TIHDI service (CAM Charge Only)	105	1,260
Wong	2,060	24,720
Estimated New Leasing	5,833	<u>70,000</u>
		\$340,144

RECOMMENDATION: Reduce by \$135,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Film Permits</u>	\$25,000	\$25,000	No change

This amount reflects revenues received from film permits issued on Treasure Island.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>YBI Film Permits</u>	\$15,000	\$40,000	\$25,000

This amount reflects revenues received from film permits issued on Yerba Buena Island. The increase is based on actuals received over the past two fiscal years.

RECOMMENDATION: Increase by \$25,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Marina</u>	\$262,000	\$219,000	(\$43,000)

This amount reflects executed agreements for use at Treasure Island Marina. SF Classic Cup moved out in February 2006 resulting in a recommended reduction of \$39,000 to \$223,000 based on the following agreements:

<u>Tenant</u>	<u>Monthly Rent</u>	<u>Annualized</u>
Treasure Island Enterprises	\$7,775	\$93,300
Westar/Barges	8,755	105,060
TI Yacht Club	684	8,208
Bertone	1,030	12,360
		\$218,928

RECOMMENDATION: Reduce by \$43,000.

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>TI Housing Revenues</u>	\$6,860,000	\$6,670,000	(\$190,000)

Pursuant to approval by the Authority Board and the Board of Supervisors, utility rates for the housing units is expected to increase by approximately \$33 per month per residential unit. This change is intended to enable PUC to recover more of its costs of providing utility service, which have increased substantially over the past two years due to the increased cost of energy commodities. Because John Stewart Company pays a flat rate per unit for utility services (units are not individually metered), the result is reduced revenues flowing to TIDA. Additionally, it is expected that the transition of 54 units from the John Stewart Company portfolio to TIHDI effective July 1, 2007 will result in decreased revenues over the final six months of the fiscal year as units are kept vacant as residents transition to other available units on the islands. Based on this, staff recommends budgeting \$6,670,000 as follows:

John Stewart Total Projections for 2006
(Treasure Island and YBI)

CAM	363,000
Base Rent	509,292
Percentage Rent	<u>7,049,851</u>
Revenue Projected to TIDA FY2006-07	7,922,143

	TI (88%)	
Rent	6,971,486	
Less proposed rate increase per Units	(215,424)	544 units X 33 per unit per mo
(Total 624)		
Plus 5% John Stewart would have received	10,771	
Less 54 units to TIDHI as of April 1st (Based on \$1000 per unit per mo x 3 mos. Less 40% expenses)	<u>(97,200)</u>	
Projected Revenue FY2006-07	6,669,633	
Rounded	6,670,000	

RECOMMENDATION: Decrease by \$190,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>YBI Housing Revenues</u>	\$1,050,000	\$920,000	(\$130,000)

In FY2005-06 we projected \$125,000 from the rental of eight residential properties, seven of which are grand Victorians known as the "Great Whites." These properties are not expected to be renovated and, therefore, not available for lease in FY2006-07. In addition, the utility rate discussed above affects the 90 units on Yerba Buena Island as well, reducing the revenues accruing to TIDA. Based on increased utility rates as previously noted revenues of \$920,000 are recommended for FY2006-07 as follows:

John Stewart Total Projections for 2006
(Treasure Island and YBI)

CAM	363,000
Base Rent	509,292
Percentage Rent	<u>7,049,851</u>
Revenue Projected to TIDA FY2006-07	7,922,143
YBI	
(12%)	
Rent	950,657
Less proposed rate increase per Units (Total 624)	(31,680) 80 units X 33 per unit per mo
Plus 5% John Stewart would have received	<u>1,584</u>
Projected Revenue FY2006-07	920,561
Rounded	920,000

RECOMMENDATION: Decrease by \$130,000

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Fire Department Rental</u>	\$1,800,000	\$1,800,000	No change

Since 1999, the Fire Department has leased approximately 334,000 square feet at the Treasure Island fire training academy facility. The Fire Department has funded TIDA in the amount of \$1,800,000 annually for use of the facility and this figure remains unchanged in this fiscal year.

RECOMMENDATION: No change

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Revenue Adjustment</u>	\$13,202	\$ 0	(\$13,202)

This revenue adjustment is made based on finalization of FY 2004-05 numbers.

RECOMMENDATION: Reduce by \$13,202

EXPENSES:

SALARIES & FRINGES

Based on recommendations of an Audit Committee and approval of the Authority Board, staffing will be reduced by 4 positions, from 12 positions in FY 2005-06 to 8 positions in FY 2006-07. These staff will be employees of the City Administrator's Office and will be reflected in the City Administrator's budget that is presented to the Board of Supervisors. TIDA will work order monies to fund these positions in the same way that it has historically, originally with the Mayor's Office and currently with the San Francisco Redevelopment Agency. The eight (8) budgeted staff positions are as follows:

<u>Class#</u>	<u>Classification Title</u>	<u>TIDA Job Title</u>	<u>Annual Salary</u>	<u>Fringe Benefits</u>	<u>Total</u>
0953	Deputy Director III	Director of Island Operations	137,208	34,302	171,510
0933	Manager V	Redevelopment Project Director	127,603	31,901	159,504
4142	Senior Real Property Officer	Facilities Manager	99,133	24,783	123,916
1823	Senior Administrative Analyst	Asst Facilities Manager	82,176	20,544	102,720
1823	Senior Administrative Analyst	Special Events Coordinator	82,176	20,544	102,720
1823	Senior Administrative Analyst	Commission and CAB Secretary	82,176	20,544	102,720
1820	Junior Administrative Analyst	Project Coordinator/Comm Liaison	53,453	13,363	66,816
1820	Junior Administrative Analyst	Receptionist/Admin Support	<u>53,453</u>	13,363	66,816
Total Proposed TIDA Salaries			\$717,378	\$179,344	\$896,722

The budget also includes an additional amount of approximately \$133,000 to fund the remainder of the severance pay for the former Executive Director (approximately \$14,139 per month). The Controller's Office calculates that the severance ends April 12, 2007. Once this funding has been expended the position will be eliminated.

RECOMMENDATION: Approve \$1,029,722 for salaries and fringes (reflects \$896,722 plus \$133,000) for FY2006-07.

EXPENSES – OTHER NON PERSONEL

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Travel Costs Paid to Employees</u>	\$10,000	\$5,000	(\$5,000)

In FY2003-04 and FY2004-05, \$1,980 and \$6,192 were spent respectively on travel costs. Due to the decrease in staffing \$5,000 is sufficient funding for the coming FY2006-07.

RECOMMENDATION: Reduce by \$5,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Training Costs Paid to Employees</u>	\$8,000	\$8,000	No change

Provides same level of funding for training such as conferences and seminars (\$8,071 spent in FY2004-05).

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Local Field Expenses</u>	\$500	\$500	No change

Provides same level of funding for FY2006-07 for expenses such as parking reimbursement.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Membership Fees</u>	\$1,200	\$1,200	No change

Provides same level of funding for memberships such as the San Francisco Planning & Urban Research (SPUR) and the National Association of Installation Developers (NAID).

RECOMMENDATION: No change.

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Promotional & Entertainment Ex</u>	\$18,153	\$1,000	(\$17,153)

With the exception of \$4037 spent in FY2004-05, no monies were spent in FY2003-04 and a minimal amount so far this year of less than \$500. We recommend no more than \$1,000 be allocated for promotional and entertainment expenses.

RECOMMENDATION: Reduce by \$17,153

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Professional & Specialized Servs.</u>	\$864,000	\$2,990,000	\$2,126,000

The amount of \$864,000 budgeted in FY2005-06 provided funding for the following:

<u>Name</u>	<u>Service</u>	<u>Amount</u>
TIHDI	Community based homeless service organization	\$ 225,000
Catholic Charities	Operation of Gym Facilities	165,000
CH2M Hill	Environmental Engineering Services	200,000
Geomatrix	Environmental Engineering Services	135,000
Misc	Other contracts (financial/environmental services)	139,000
	Total	\$864,000

In FY2006-07, the amount of \$2,990,000 would provide funding for the following:

<u>Name</u>	<u>Service</u>	<u>Amount</u>
TIHDI	Community based homeless service organization	\$ 225,000
TBD	Operation of Gym Facilities	215,000
Redevelopment Planning Activities (100% reimbursed by master developer)		1,550,000
TBD	Community programming and improvements	\$1,000,000
	Total	\$ 2,990,000

Treasure Island Homeless Development Initiative (TIHDI) - \$225,000

Under this contract TIHDI provides several services including: coordinate and facilitate participation of community-based homeless service organizations, provide input in community serving and development components, and coordinate recreational services on Treasure Island through various programs. The proposed budget provides the same level of funding for FY2006-07.

Gym Operation - \$215,000

This amount provides funding for operation of the gym. This contract, currently with Catholic Charities through June 30, 2006, will go out to bid and the amount of \$215,000 is expected to be sufficient.

Redevelopment Planning Costs - \$1,550,000

The following is an estimate of the consulting services projected for FY 2006-07 to support redevelopment planning activities that enable reuse of the former military facility. These costs

will be 100% reimbursed by the prospective master developer per the terms of the ENA between TIDA and TICD, and consist of the following components:

Economic and Fiscal Analysis (EPS)	\$150,000
Urban Design/Planning - (to be determined)	25,000
Transportation Planning - (Transportation Authority)	50,000
Sustainability Planning - (to be determined)	50,000
Financial Advisor/Bond Counsel (MOPF)	50,000
Appraisals/Other consultants - (to be determined)	50,000
Ferry Terminal Planning Grant Match (to be determined)	281,000
Cost Estimating (to be determined)	50,000
Environmental Engineering/Early Transfer - CH2M Hill	100,000
Environmental Engineering/Monitoring Ongoing Navy Cleanup – (Geomatrix)	200,000
Redevelopment Planning – (Siefel Consulting)	75,000
Redevelopment Planning – (Planning Dept)	35,000
Ramps Project Study Report (to be determined)	\$350,000
Misc.	<u>59,000</u>
Total Projected FY2006-07 costs to be incurred	\$1,550,000

Community Programming and Property Improvements - \$1,000,000

TIDA will receive approximately \$1,000,000 in reimbursable redevelopment planning expenses incurred in FY 05-06, which will be available for expenditure in FY 06-07. The TIDA Board directed staff in a November 9, 2005 resolution to engage in a community process to establish priorities for allocating funds from this source. While specific projects are not known at this time, expenditures will be brought before the Authority Board for approval consistent with the Authority's purchasing policy and procedures.

RECOMMENDATION: Increase by \$2,126,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Scavenger Services</u>	\$22,500	\$25,000	\$2,500

Norcal provides scavenger services to Treasure and Yerba Buena Islands. This contract is currently going out to bid and we anticipate a 10% increase to approximately \$25,000 for FY2006-07.

RECOMMENDATION: Increase by \$2,500

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Janitorial Services</u>	\$130,000	\$130,000	No Change

Toolworks provides janitorial maintenance services for various buildings on Treasure Island for FY2006-07. Toolworks is a partner organization of TIDHI and employs formerly homeless and economically disadvantaged individuals.

RECOMMENDATION: No Change

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Grounds Maintenance</u>	\$725,000	\$725,000	No change

Rubicon Enterprises provides all landscaping maintenance services on Treasure and Yerba Buena Islands for FY2006-07. Rubicon is a partner organization of TIDHI and employs formerly homeless and economically disadvantaged individuals.

RECOMMENDATION: No Change.

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Other Building Maintenance</u>	\$1,000	\$1,000	No change

This \$1,000 provides the same level of funding .

RECOMMENDATION: No change

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>DP/WP Equipment</u>	\$1,000	\$1,000	No change

This \$1,000 provides the same level of funding.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Rents and Lease - Equipment</u>	\$27,000	\$15,000	(\$12,000)

This \$15,000 provides sufficient funding for office machine rental including copier, postage machine for FY2006-07. The \$12,000 reduction reflects the rental payments for the agency vehicle for the prior executive director.

RECOMMENDATION: Decrease by \$12,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Other Current Expenses - Budget</u>	\$7,500	\$7,500	No change

This \$7,500 provides the same level of funding for postage and delivery costs, printing, etc.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Other Current Expenses</u>	\$800,000	\$650,000	(\$150,000)

In 1999, TIDA entered into a Sharing Agreement with TIHDI. This Sharing Agreement provides a revenue share to TIHDI for a portion of units on TI and YBI that were "borrowed" by TIDA. TIHDI receives 15% of 40% of percentage rents received on the "borrowed" TI units and 50% of percentage rents on 41 YBI units. The shared revenue calculation is detailed below:

TIDHI Revenue Share

John Stewart Projections 2006	
Total percentage rent (TI & YBI)	7,049,851
Less 12% YBI	<u>(845,982)</u>
Percentage rent TI	6,203,869
Less 544 units x \$33 per month rate increase	(215,424)
Plus 5% John Stewart would have received	<u>10,771</u>
Subtotal	5,999,216

Less 54 units to TIDHI as of April 1	
(\$1,000 rent per unit per mo. x 3 mos. less 40% expenses)	(97,200)
Plus 5% John Stewart would have received	<u>4,860</u>
Total Percentage TI Rent	5,906,876

Revenue share to TIDHI (15% of 40%)	354,412
Deferred TI (payment TI) ended 4/2006	0
50% YBI 41 units	<u>290,000</u>
	644,412

Rounded	650,000
---------	---------

RECOMMENDATION: Decrease by \$150,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Insurance Budget</u>	\$50,000	\$50,000	No change

This \$50,000 is sufficient funding for insurance, such as Director's Liability, for FY2006-07.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Payments to Other Govt. Agencies</u>	\$225,000	\$211,000	(\$14,000)

It has been agreed that TIDA owes the U.S. Navy \$872,000 associated with unpaid common area maintenance (CAM) charges pursuant to the Cooperative Agreement. The Navy has informally agreed to allow TIDA to repay these charges over time. In FY2005-06 \$450,000 was provided

to the Navy with the remaining \$422,000 to be paid in two even installments over the next two years. Therefore \$211,000 is budgeted for FY2006-07.

RECOMMENDATION: Reduce by \$14,000

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Materials & Supplies - Budget</u>	\$10,000	\$10,000	No change

RECOMMENDATION: Provides same level of funding for office supplies.

EXPENSES – SERVICES OF OTHER DEPARTMENTS:

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>DTIS - ISD Services</u>	\$11,924	\$11,924	No change

This \$11,924 provides sufficient funds for computer related services as requested by the Department of Telecommunications and Information Systems.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Insurance & Risk Reduction</u>	\$5,000	\$5,000	No change

This \$5,000 provides sufficient funds as requested by the City Mayor's Office of Insurance and Risk Reduction for FY2006-07.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>City Administrator's Office</u>	\$0	\$110,000	\$110,000

TIDA will provide a fee to the City Administrator's Office to cover the costs of services provided by the Office in support of staffing the Treasure Island Project Office. These services include budget preparation, payroll and human resources, accounts receivable, IT, etc.

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>City Attorney</u>	\$412,400	\$900,000	\$487,600

This amount reflects \$200,000 for the City Attorney's Office to provide legal services for FY2006-07 for TIDA's role as caretaker and property manager of the islands and TIDA's other administrative responsibilities. An additional \$700,000 is budgeted for the City Attorney Office's work assisting and representing TIDA in its redevelopment planning and negotiation with the prospective master developer and US Navy for transfer and cleanup of the former base. The \$700,000 for redevelopment planning activities will be 100% reimbursed by the prospective master developer.

RECOMMENDATION: Increase by \$487,600.

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Bus & Economic Development</u>	\$150,000	\$200,000	\$50,000

TIDA has designated staff from the Mayor's Office of Base Reuse and Development as the lead negotiator on behalf of TIDA in negotiations with the US Navy and prospective master developer. The \$200,000 funds services provided by staff in the Mayor's Office of Base Reuse and Development representing TIDA. This \$200,000 will be 100% reimbursed by the prospective master developer.

RECOMMENDATION: Increase by \$50,000

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>DTIS – Telephone</u>	\$32,216	\$32,216	No change

This \$32,216 provides sufficient funds for telephone services as requested by the Department of Telecommunications and Information Systems.

RECOMMENDATION: No Change

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>Fire Department</u>	\$4,277,325	\$4,277,325	No change

The Fire Department requested over \$5.2 million for full funding for FY 2005-06. Due to expenditures not exceeding revenues in FY2005-06 the Fire Department was budgeted \$4.1 million, which reflects the same level of funding received in previous years. However, this

amount was subsequently increased by the Board of Supervisors to \$4,277,325 as the result of adjustments recommended by Harvey Rose. We recommend \$4,277,325 for FY2006-07.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Human Res – Mangmnt Training</u>	\$1,500	\$1,500	No change

Provides same level of funding.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Purch -Central Shops-Auto Maint</u>	\$3,000	\$3,000	No change
<u>Purch -Central Shops-Fuel</u>	\$2,000	\$2,000	No change
<u>Purch -Reproduction</u>	\$5,224	\$5,224	No change

Provide same level of funding.

RECOMMENDATION: No change

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Police Department</u>	\$765,000	\$765,000	No change

The Police Department's FY2005-06 full funded budget was approximately \$2.1 million of which \$765,000 was funded by TIDA. The recommended amount of \$765,000 provides the same level of funding for FY2006-07.

RECOMMENDATION: No change.

	<u>FY2005-06 Budget</u>	<u>FY2006-07 Budget</u>	<u>Increase/ Decrease</u>
<u>Public Utilities Commission (PUC)</u>	\$300,000	\$1,100,000	\$800,000

The PUC reports that projected utility revenues for the upcoming year will be significantly less than the cost of operating and maintaining the utility systems due to increased prices associated with procurement contracts. Therefore, in order to ensure the continued operation and maintenance of the utility systems at TI/YBI, PUC requested funding in the amount of \$1,100,000 for FY2006-07. This amount reflects an annual utility service of \$700,000 for

buildings that PUC bills TIDA for directly, \$300,000 for the annual rental of a backup electrical generator located at Treasure Island, and an additional \$100,000 for PUC role assisting TIDA in the redevelopment planning. In 2003, Bay Bridge retrofit activities caused the loss of the San Francisco back-up electric cable. Therefore, with the assistance of the PUC, TIDA rented and set up two generators to provide electricity in the event the East Bay service is lost. The \$300,000 generator rental was included in FY2005-06 budget. \$100,000 is allocated for PUC to act as a technical consultant to TIDA in support of redevelopment and infrastructure planning activities, which will be 100% reimbursed by the prospective master developer under the terms of the ENA. These increased PUC revenues are in addition to increased revenues that will accrue to PUC in FY 2006-07 as a result of increased utility rates to the federal users on the property (Job Corps and US Coast Guard) as well as expected increases to the utility rates for market rate units managed by the John Stewart Company (this will be brought to the TIDA Board for approval in a subsequent meeting).

RECOMMENDATION: Increase by \$800,000

	<u>FY2005-06</u> <u>Budget</u>	<u>FY2006-07</u> <u>Budget</u>	<u>Increase/</u> <u>Decrease</u>
<u>DPW - Building Repair</u>	\$900,000	\$900,000	No Change
<u>DPW - Engineering</u>	\$ 65,000	\$65,000	No Change
<u>DPW - Construction Mgmt</u>	\$ 35,000	\$35,000	No Change

RECOMMENDATION: Provide same level of funding. No Change

**MEETING CALIFORNIA COMMUNITY REDEVELOPMENT LAW
REQUIREMENTS:**

Pursuant to Section 33606 of the California Community Redevelopment Law (CRL) an agency shall adopt an annual budget containing all of the following specific information, including all activities to be financed by the Low and Moderate Income Housing Fund established pursuant to Section 33334.3:

- (a) The proposed expenditures of the agency.
- (b) The proposed indebtedness to be incurred by the agency. There is no indebtedness.
- (c) The anticipated revenues of the agency.
- (d) The work program for the coming year, including goals.
- (e) An examination of the previous year's achievements and a comparison of the achievements with goals of the previous year's work program.

Since TIDA is a redevelopment agency under the CRL, it needs to comply with the requirements of the CRL. TIDA has not yet adopted a redevelopment plan and is not receiving any tax increments, so it has nothing to report regarding activities financed by the Low and Moderate Income Housing Fund.

TREASURE ISLAND DEVELOPMENT AUTHORITY
PROJECT ACHIEVEMENTS AND GOALS
PROJECT: TREASURE ISLAND REDEVELOPMENT PROJECT
July 1, 2006 - June 30, 2007

FISCAL YEAR 2005-2006 ACHIEVEMENTS*

1. The following draft Development Plan elements were presented to the Treasure Island/Yerba Buena Island Citizen's Advisory Board and the Treasure Island Development Authority Board:
 - a. Revised Land Use and Open Space Plan and Urban Design Concepts
 - b. Draft Concepts for Art, Performance and Landscape Design Programming as Part of Open Space Program
 - c. Draft Jobs, Equal Opportunity Program and Community Support Plan
 - d. Draft Transportation Plan
 - e. Draft Community Facilities Plan
 - f. Revised Draft Phasing Plan
 - g. Draft Fiscal Impacts Analysis
 - h. Revised Draft Housing Plan
 - i. Draft Financing Plan*
2. The Authority endorsed the Development Plan and Land Use Plan for the redevelopment of Treasure Island.*
3. Staff obtained appropriation of approximately \$1.6 million in Federal Transit Administration grant funds for temporary and permanent ferry terminal planning at Treasure Island.
4. Staff completed a seismic evaluation of mitigation alternatives of the Yerba Buena Island causeway and viaduct structures using federal Economic Development Administration grant funds appropriated in 2001.
5. The Authority approved a Cooperative Utility Agreement with Caltrans and MOU with the Navy that enables construction of an upgraded submarine electrical cable serving Treasure Island with sufficient capacity to support the future redevelopment project.*
6. Community outreach efforts continued including staffing the TI/YBI CAB and participating with the Treasure Island Restoration Advisory Board (facilitated by the Navy with a specific interest in the cleanup efforts), and holding public workshops and making presentations to the Board of Supervisors Land Use Committee.*
7. Representatives from the Mayor's Office of Economic and Workforce Development, Treasure Island Project Office, and the Office of the City Attorney continued the important independent monitoring of the Navy's environmental remediation efforts.*

* Items identified by an asterisk are underway and are expected to be completed by the end of fiscal year 2005/06.

8. Property management of island facilities and oversight of municipal services. To offset the costs associated with property management and public service responsibilities, revenues are generated from interim leasing of existing facilities and special events.

FISCAL YEAR 2006-2007 GOALS

1. Obtain endorsement of a Development Plan for the redevelopment of Treasure Island from the Board of Supervisors.
2. Initiate the process of creating a Redevelopment Plan.
3. Initiate project specific environmental review per CEQA guidelines.
4. Initiate process of amending the San Francisco General Plan, Planning Code and Zoning Map consistent with redevelopment project.
5. Continue to develop the redevelopment plans for Treasure Island in furtherance of a final Disposition and Development Agreement, through the extensive public planning process.
6. Negotiate term sheet agreement with US Navy for conveyance of former Naval Station Treasure Island to the Authority.
7. Complete Project Study Report and obtain legislation authorizing transferring ownership to Caltrans of ramps connecting Yerba Buena Island to the new eastern span of the San Francisco-Oakland Bay Bridge.
8. Work with the San Francisco Public Utilities Commission to evaluate the feasibility of public power operation at Treasure Island.
9. Provide property management of island facilities.
10. Ensure delivery of municipal services to island community.
11. Generate revenues to cover costs associated with property management and municipal services.

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: 10

Meeting Date: May 10, 2006

Subject: Presentation of Revised Draft Transportation Plan (Discussion Item)

Staff Contact: Jack Sylvan, Office of Base Reuse and Development

BACKGROUND

At the November 9, 2005 and December 14, 2005 Authority Board meetings Treasure Island Community Development, LLC (TICD) presented revised land use and open space plans and urban design concepts for Treasure Island. These plans included several elements responsive to the public objective of creating an environmentally sustainable development at Treasure Island. Many of these elements are also critical to creating a redevelopment project that can effectively and comprehensively address the transportation challenges presented by creating a new community and regional amenity in the middle of San Francisco bay, connected to the mainland by the Bay Bridge.

An initial draft of the Transportation Plan was presented publicly at a January 10, 2006 TI/YBI Citizen's Advisory Board meeting and at a January 11, 2006 Authority Board hearing. In addition to comments received at these public hearings, staff and the development team received additional comments from various stakeholders. A Revised Draft Transportation Plan (the "Plan") has been prepared to expand upon the initial document's principles and to be responsive to the comments that were received on the initial draft.

As with the initial draft document, the Revised Draft Transportation Plan, attached as Exhibit A, is a preliminary effort to craft a comprehensive strategy for moving people and goods within, on and off of the island in a manner that maximizes non-auto trips. The Plan outlines high level goals and objectives, estimates travel trips associated with the development plan, proposes transit services and infrastructure, and provides the conceptual foundation for measures and systems to both ensure the viability of the project and maintain consistency with the commitment to creating an environmentally sustainable community. Consistent with the presentation of other elements of the Development Plan that have been presented and the stage of the planning process that the project is at, this document does not presume to be able to answer all of the detailed questions about pricing, institutional structure, and service delivery. Rather, the document outlines the principles of a progressive, innovative and feasible transportation program of which the details will be developed over the course of the continued planning of the project over the next several years.

This Plan will also be presented to the Treasure Island/Yerba Buena Island Citizen's Advisory Board (TI/YBI CAB) at an upcoming meeting. In addition, staff intends to present this

document and its principles to the Board of Supervisors Land Use and Economic Development Committee at an upcoming hearing. As with all other elements of the planning for the redevelopment of Treasure Island, this Plan will be revised through the iterative public planning and review process and it is expected that a revised version of this document will be prepared to support the presentation of the Development Plan to the TI/YBI CAB, TIDA Board and Board of Supervisors.

EXHIBITS

- A Revised Draft Transportation Plan, including Appendices

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject Making Emergency Findings, Ratifying Executive Director's 30-Day Extension of Refuse Collection Contract, and Authorizing an Additional Extension of Such Contract with Golden Gate Disposal & Recycling Company to October 31, 2006.

Item No. 11

Meeting of May 10, 2006

Contact/ Marc McDonald: Facilities Manager
Phone: 274-0660

BACKGROUND

The current contract with Golden Gate Disposal & Recycling Company ("Golden Gate") for refuse collection services expired on September 1, 2005. In order to ensure that refuse continued to be collected in a manner consistent with the goal of the Authority to assure the health and safety of the inhabitants of the Base, the Executive Director declared an emergency and with the consent of the Golden Gate executed an amendment to the contract with Golden Gate to extend the term for 30-days under the same terms and conditions of the existing contract. This emergency extension expired on September 30, 2005.

On August 25, 2005, with the consent of the Board, the Executive Director and Contractor agreed to amend the Agreement (the 1st Amendment) to extend the term of the Agreement to September 30, 2005, and on October 1, 2005, with the consent of the Board, Executive Director and Contractor agreed to amend the Agreement (the 2nd Amendment) to extend the term of the Agreement to January 31, 2006, and on January 23, 2006, with the consent of the Board, the Executive Director and Contractor agreed to amend the Agreement (the 3rd Amendment) to extend the term of the Agreement to April 30, 2006. Since the term of the 3rd Amendment expired on April 30, prior to the Board Meeting of May 10, the Interim Executive Director made an emergency declaration to extend the Agreement through May 30, 2006, and signed the 4th Amendment to the Agreement to extend the term through May 30, 2006, to allow the Board sufficient time to review the 4th Amendment to extend the Agreement.

The competitive process to secure refuse collection services for Treasure Island in accord with TIDA Rules and Procedures governing the Purchase of Goods and Services by the Authority is not complete. Substantive issues raised by prospective respondents at the presubmittal meeting of November 30, 2005, required a review of the proposed Scope of Services. Staff has completed most of the proposed amendments to the specifications and the proposed contract for review by the Board. A substantial remaining issue outstanding is establishment of rates. A critical element of prospective proposer's analysis of the opportunity will be information regarding the rate structure. The City of San Francisco is engaged in a rate structure review process that is anticipated to be completed and implemented by July 1, 2006. TIDA staff would like to delay receipt of proposals to a

date that will allow respondents to assess the impact that the new rate structure will have on their prospective operations and proposals. Consequently, staff will need additional time to complete the competitive solicitation process for refuse collection services. Staff anticipates completing the competitive solicitation process by October 31, 2006. In the meantime, Golden Gate is willing to extend its services to the Authority through October 31, 2006, under the same terms and conditions of the current contract.

RECOMMENDATION

Staff recommends Board approval of the extensions to ensure that the 3,000+ residents of Treasure Island continue to receive refuse collection and disposal services through October 31, 2006. This will assure that household refuse from such residents and the refuse from the commercial and office tenants and occupants (including food and other bio-waste products) will not accumulate, potentially attracting pests and causing other health and safety concerns for all occupants and users of Treasure Island and Yerba Buena Island.

1 [Ratifying 30-day extension to May 31, 2006 and approving an extension of contract for
2 Refuse Collection Services, at Treasure Island to October 31, 2006]
3 Making Emergency Findings, Ratifying Executive Director's 30-Day Extension of
4 Refuse Collection Contract, and Authorizing an Additional Extension of Such Contract
5 with Golden Gate Disposal & Recycling Company to October 31, 2006.

6 WHEREAS, Former Naval Station Treasure Island is a military base located on
7 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
8 the United States of America ("the Federal Government"); and,

9 WHEREAS, Treasure Island was selected for closure and disposition by the Base.
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
13 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
14 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
16 conversion of the Base for the public interest, convenience, welfare and common benefit of
17 the inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
19 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
20 Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (1) designated the
21 Authority as a redevelopment agency under California redevelopment law with authority over
22 the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those
23 portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority
24 to administer the public trust for commerce, navigation and fisheries as to such property; and,

25 ////

1 WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the
2 Authority, acting by and through its Board of Directors (the "Board"), has the power, subject to
3 applicable laws, to enter into agreements or contracts for the procurement of goods and
4 services related to the activities and purposes of the Authority; and,

5 WHEREAS, On March 11, 1998, the Board passed Authority Resolution No. 98-09-
6 3/11, adopting and approving the Rules and Procedures Governing the Purchase of Goods
7 and Services (the "Purchasing Rules") by the Authority; and,

8 WHEREAS, The Purchasing Rules require that except under certain conditions, all
9 purchasing transactions be conducted in a manner that provides maximum open and free
10 competition consistent with the Purchasing Rules; and,

11 WHEREAS, The current contract with Golden Gate Disposal & Recycling Company
12 ("Golden Gate") for refuse collection services was scheduled to expire on September 1, 2005,
13 and in order to ensure that refuse continued to be collected in a manner consistent with the
14 health and safety of the inhabitants of the Base, the Executive Director declared an
15 emergency and executed an amendment to the contract with Golden Gate to extend its term
16 for 30-days under the same terms and conditions of the existing contract; and,

17 WHEREAS, On August 25, 2005, Executive Director and Contractor agreed to amend
18 the Agreement (the 1st Amendment) to extend the term of the Agreement to September 30,
19 2005, and

20 WHEREAS, On October 1, 2005, this Board ratified the 1st Amendment and authorized
21 the Executive Director to amend the Agreement (the 2nd Amendment) to extend the term of
22 the Agreement to January 31, 2006, and,

23 WHEREAS, On January 23, 2006, Executive Director and Contractor agreed to amend
24 the Agreement (the 3rd Amendment) to extend the term of the Agreement to April 30, 2006,
25 and

1 WHEREAS, On April 28, 2006, Executive Director and Contractor agreed to amend the
2 Agreement (the 4th Amendment) to extend the term of the Agreement to May 31, 2006, and

3 WHEREAS, A new refuse collection rate schedule is under review and scheduled for
4 implementation on July 1, 2006, by the City and County of San Francisco; and,

5 WHEREAS, Finalization of the new rate schedule is a critical element of prospective
6 respondent's proposals and responses; and,

7 WHEREAS, Issuance of a refuse collection Request for Proposals will be delayed to
8 allow prospective respondents to incorporate a new rate schedule into their proposals to the
9 Authority; and,

10 WHEREAS, Staff will need additional time to complete the competitive solicitation for
11 such services; and,

12 WHEREAS, Golden Gate is willing to further extend its contract to October 31, 2006
13 under the same terms and conditions of the existing contract to allow the Authority to
14 complete its competitive solicitation process; now therefore be it

15 RESOLVED, That the Authority hereby finds and determines as follows:

16 1. The contract with Golden Gate was approved by the Board on August 18, 1999 by
17 Resolution No. 99-28-8/18.

18 2. The contract would have expired on April 30, 2006 unless extended.

19 3. Because this Board did not convene for a second meeting during the month of April,
20 2006, and its next meeting following the month of April is May 10, 2006, the Executive
21 Director declared an emergency and extended the contract for 30-days.

22 4. The Purchasing Rules require competitive solicitation of contracts except under
23 certain limited conditions.

24 5. The Authority will need until October 31, 2006 to complete competitive solicitation
25 for refuse collection services, and Golden Gate has indicated its willingness to further extend

1 its contract until October 31, 2006 under the same terms and conditions of its existing
2 contract.

3 6. If the contract is not extended, the obligation of Golden Gate to continue to provide
4 refuse collection and disposal services for the approximately 3,000 residents and occupants
5 of Treasure Island and Yerba Buena Island (including the Authority's offices) will expire on
6 May 31, 2006, and the household refuse from such residents and the refuse from the
7 commercial and office tenants and occupants (including food and other bio-waste products)
8 will accumulate, potentially attracting pests and causing other health and safety concerns for
9 all occupants and users of Treasure Island and Yerba Buena Island; and be it

10 FURTHER RESOLVED, That the Authority hereby ratifies the Executive Director's
11 actions in extending the current contract with Golden Gate for 30-days, as shown in the
12 attached Exhibit A ; and be it

13 FURTHER RESOLVED, That notwithstanding the requirements of the Purchasing
14 Rules, the Authority hereby authorizes the Executive Director to enter into an additional
15 amendment to the contract with Golden Gate to further extend the term of the contract to
16 October 31, 2006 under the same terms and conditions of the current contract. The form of
17 such additional amendment shall be in substantially the form attached hereto as Exhibit B.

18 ////
19
20
21
22
23
24
25

1 CERTIFICATE OF SECRETARY

2
3 *I hereby certify that I am the duly elected President of the Treasure Island*
4 *Development Authority, a California nonprofit public benefit corporation, and that the*
5 *above Resolution was duly adopted and approved by the Board of Directors of the*
6 *Authority at a properly noticed meeting on May 10, 2006.*
7

8
9 _____
10 Claudine Cheng, President
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

EXHIBIT A

FOURTH AMENDMENT TO REFUSE COLLECTION AGREEMENT

THIS FOURTH AMENDMENT TO REFUSE COLLECTION AGREEMENT (this "Amendment") is made as of this twenty-eighth day of April, 2006, in San Francisco, California, by and between the **Golden Gate Disposal & Recycling Company**, a California corporation ("Golden Gate" or "Contractor"), and the **Treasure Island Development Authority**, a public body corporate and politic (the "Authority").

RECITALS

WHEREAS, Authority and Contractor have entered into that certain Refuse Collection Agreement dated September 1, 2002 (hereafter, the "Agreement"); and

WHEREAS, on August 25, 2005, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 1st Amendment) to extend the term of the Agreement to September 30, 2005, and

WHEREAS, on October 1, 2005, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 2nd Amendment) to extend the term of the Agreement to January 31, 2006, and

WHEREAS, on January 23, 2006, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 3rd Amendment) to extend the term of the Agreement to April 30, 2006, and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) Section 5. Section 5 of the Agreement currently reads as follows:

Unless further extended in writing authorized by the Authority's Board of Directors, this Contract shall expire on April 30, 2006. Any extension shall be on the same terms, conditions, and specifications as the original Contract, except as provided for herein.

Such section is hereby amended in its entirety to read as follows:

Unless further extended in writing authorized by the Authority's Board of Directors, this Contract shall expire on May 31, 2006. Any extension shall be on the same terms, conditions, and specifications as the original Contract, except as provided for herein.

2. Effective Date. Each of the modifications set forth in Section 1 shall be effective on and after May 1, 2006.

3. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

**Treasure Island Development
Authority, a public body corporate
and politic**

By _____

Joanne Sakai, Interim Executive Director

Dennis J. Herrera

City Attorney

By _____

Deputy City Attorney

CONTRACTOR:

**Golden Gate Disposal & Recycling Company, a
California corporation**

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

EXHIBIT B

FIFTH AMENDMENT TO REFUSE COLLECTION AGREEMENT

THIS FIFTH AMENDMENT TO REFUSE COLLECTION AGREEMENT (this "Amendment") is made as of this twenty-eighth day of April, 2006, in San Francisco, California, by and between the **Golden Gate Disposal & Recycling Company**, a California corporation ("Golden Gate" or "Contractor"), and the **Treasure Island Development Authority**, a public body corporate and politic (the "Authority").

RECITALS

WHEREAS, Authority and Contractor have entered into that certain Refuse Collection Agreement dated September 1, 2002 (hereafter, the "Agreement"); and

WHEREAS, on August 25, 2005, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 1st Amendment) to extend the term of the Agreement to September 30, 2005, and

WHEREAS, on October 1, 2005, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 2nd Amendment) to extend the term of the Agreement to January 31, 2006, and

WHEREAS, on January 23, 2006, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 3rd Amendment) to extend the term of the Agreement to April 30, 2006, and

WHEREAS, on April 28, 2006, Executive Director and Contractor agreed to amend the Agreement (hereafter, the 4th Amendment) to extend the term of the Agreement to May 31, 2006, and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. **Modifications to the Agreement.** The Agreement is hereby modified as follows:

(a) **Section 5.** Section 5 of the Agreement currently reads as follows:

Unless further extended in writing authorized by the Authority's Board of Directors, this Contract shall expire on May 31, 2006. Any extension shall be on the same terms, conditions, and specifications as the original Contract, except as provided for herein.

Such section is hereby amended in its entirety to read as follows:

Unless further extended in writing authorized by the Authority's Board of Directors, this Contract shall expire on October 31, 2006. Any extension shall be on the same terms, conditions, and specifications as the original Contract, except as provided for herein.

2. **Effective Date.** Each of the modifications set forth in Section 1 shall be effective on and after May 10, 2006.

3. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

**Treasure Island Development
Authority, a public body corporate
and politic**

By _____
Joanne Sakai, Interim Executive Director

Dennis J. Herrera

City Attorney

By _____
Deputy City Attorney

CONTRACTOR:

**Golden Gate Disposal & Recycling Company, a
California corporation**

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

DIRECTOR'S FINDING OF EMERGENCY

WHEREAS, On May 8, 2002, the Treasure Island Development Authority ("Authority") adopted a resolution approving the issuance of the "Invitation for Bid – Refuse Collection Service at Treasure Island and Yerba Buena Island;" and

WHEREAS, On May 9, 2002, the Authority issued the Bid to the public; and

WHEREAS, The Authority did not receive any responsive bid by Monday, June 24, 2002 at 2:00 p.m., the Bid Due Date as specified by the Bid, causing a failure of the Bid; and

WHEREAS, Golden Gate Disposal and Recycling Company ("Golden Gate") was the only company that submitted a bid, but the bid was late and was therefore non-responsive; and

WHEREAS, Because competition was inadequate, the Authority negotiated and approved an agreement with Golden Gate to provide refuse collection and disposal services on Treasure Island and Yerba Buena Island pursuant to an agreement between the Authority and Golden Gate dated September 1, 2002 (the "Agreement"); and

WHEREAS, The Agreement expired on September 1, 2005, and was extended for 30 days by the First Amendment to Refuse Collection Agreement, dated September 1, 2005, and for 6 months by the Second Amendment to Refuse Collection Agreement, dated October 1, 2005 and for an additional 3 months by the Third Amendment to Refuse Collection Agreement, dated February 1, 2006 (the "Extended Agreement") to allow the Authority more time to complete the issuance of a new competitive solicitation; and

WHEREAS, The Authority issued an Invitation to Bid on a new refuse collection service contract on November 7, 2005, and held a pre-submittal meeting on November 30, 2005, at which prospective respondents raised substantive issues that required a review and reconsideration of the proposed Scope of Services, which staff intends to present soon for review by the Board; and

WHEREAS, A critical element of prospective respondents' analyses of the opportunity will be information regarding the rate structure, and the City and County of San Francisco is engaged in a rate structure review process that is anticipated to be completed and implemented by July 1, 2006; and

WHEREAS, Staff has requested additional time to re-issue the Invitation to Bid for refuse collection services with a deadline for receipt of proposals to dates that will allow prospective respondents to assess the impact that the new rate structure might have on their prospective operations and proposals; and

WHEREAS, The extended term of the Agreement will expire on April 30, 2006, and the Authority has not completed the competitive solicitation for a new refuse collection services contract as required by the Authority's Purchasing Policy and Procedures; and


WHEREAS, The Authority Board of Directors will not meet again until May 10, 2006, a date that follows the expiration date of the Agreement; and

WHEREAS, Golden Gate has indicated its willingness to continue providing refuse collection and disposal services on the same terms and conditions as set forth in the Agreement for thirty (30) additional days to allow the Authority Board of Directors to consider an additional extension to the Agreement; and

WHEREAS, If the Agreement is not extended, the obligation for Golden Gate to continue refuse collection and disposal for the approximately 3,000 residents as well as the commercial and office tenants and occupants of Treasure Island and Yerba Buena Island (including the Authority's offices) will expire on April 30, 2006, and the household refuse from such residents and the refuse from the commercial and office tenants and occupants (including food and other bio-waste products) will accumulate, potentially attracting pests and causing other health and safety concerns for all occupants and users of Treasure Island and Yerba Buena Island.

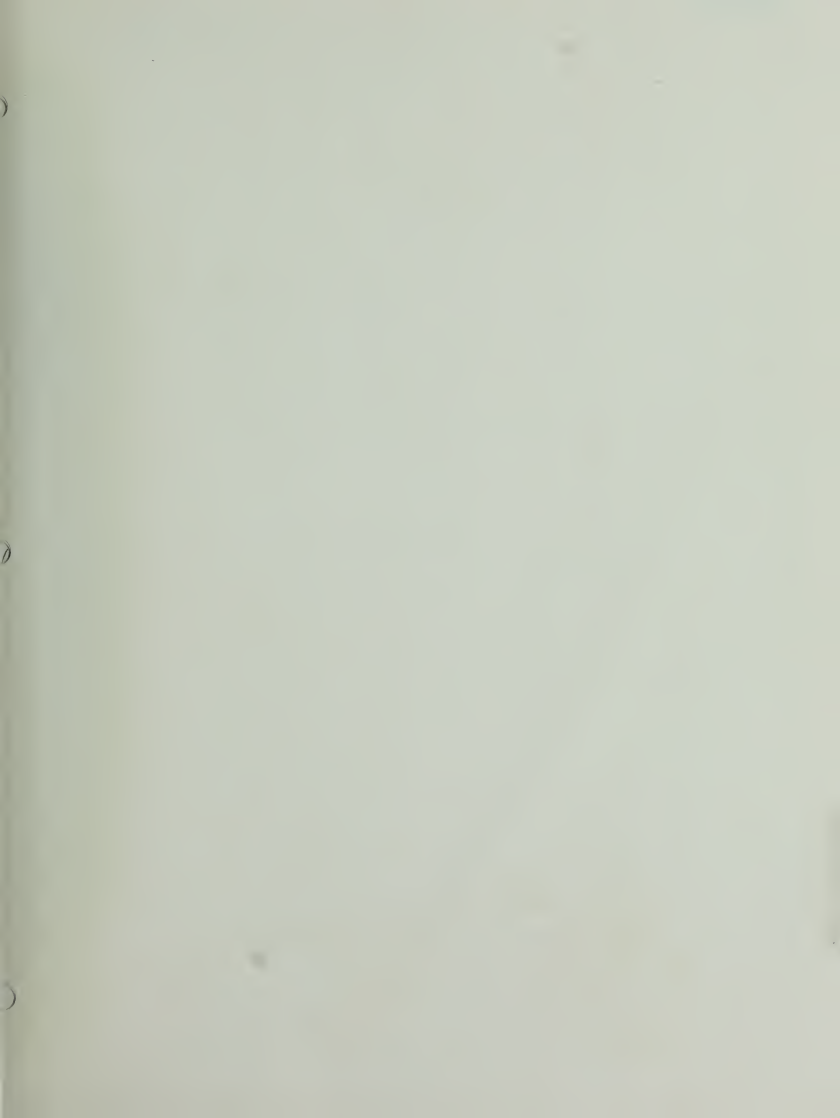
NOW THEREFORE, I, JOANNE SAKAI, Interim Executive Director of the Treasure Island Development Authority, hereby find and declare that an emergency situation exists of such urgency that an interruption in refuse collection and disposal services cannot be allowed to occur. I therefore authorize and approve a thirty (30) day extension of the Agreement with Golden Gate.

Dated as of April 28, 2006:



Joanne Sakai,
Interim Executive Director,
Treasure Island Development Authority





Notes

Notes



TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

Draft Minutes of Meeting
Treasure Island Development Authority
May 10, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

MAY 26 2006

SAN FRANCISCO
PUBLIC LIBRARY

1. **Call to Order:** 1:35 PM

Roll Call Present: Claudine Cheng (Chair)
Jesse Blout
Jared Blumenfeld
John Elberling
Matthew Franklin
Marcia Rosen

Excused: Supervisor Chris Daly

2. **Report by Deputy Executive Director of the San Francisco Redevelopment Agency**
A Director's Report memo from Ms. Joanne Sakai was distributed to the Board and included in the public record.

3. **Report by the Mayor's Office of Base Reuse and Development**
Mr. Jack Sylvan, Mayor's Office of Base Reuse and Development, stated last week he and Michael Cohen met with the national director of the Job Corps program and other Job Corps and ResCare representatives. The meeting was productive and Job Corps sees potential synergies between the redevelopment project and Job Corps programs. Staff wants to make sure Job Corps is integrated in the redevelopment plan in the proper manner. Secondly a public sustainability workshop was held on April 20th at the Port of San Francisco, attended by approximately 70 members of the public, including Island residents and representatives of the environmental community. Director Blumenfeld also participated in the workshop. Lastly, SB 1841 regarding the Island on and of-ramps is moving through the State legislative process. It has gone through the Policy Committee and is now in the Appropriations Committee of the State Senate.

Director Cheng asked if the revised draft transportation plan has been heard yet by the Board of Supervisors Land Use Committee

Mr. Sylvan stated this presentation was to be made today to the TIDA Board and will be heard by the Land Use Committee in the following weeks.

4. Communications

There was no discussion by the Board of the Communications

5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board

Mrs. Karen Knowles-Pearce, CAB chair, presented CAB Land Use subcommittee comments on the Draft Phasing Plan. Primary concerns were rationale of the structure of the plan including many of the phases appearing fragmented, phasing and location of homes under construction, earlier development of the Cityside, Art Park and Perimeter Parks phases. CAB subcommittee stated the Westside destination needs to start during the beginning. Public safety issues should be nearly completed in Phase 1, the school should be completed by Phase 1 or Phase 2, as should the wetlands. Interface between Job Corps and the developer needs to be addressed.

Mrs. Knowles Pearce also presented the CAB comments on the draft Housing Plan. Stated they would like to see a provision stating that TIDA is responsible for enforcing the terms of the housing plan. Stated the premise appears reasonable and viable based on the facts today. CAB seeks reassurance that TIDA and the Board of Supervisors will support further requests for public financing for affordable housing as currently outlined. CAB recommended that inclusionary housing be reduced from 15 to 12 % and the remaining 3% be reserved for residents earning not more than 50% AMI. The CAB recommends that the inclusionary units be located at the discretion of TIDA as long as the total number of units remains the same, all units are interspersed and all units are of similar high quality.

Director Franklin asked what the thinking was for reducing the inclusionary units.

Mrs. Knowles-Pearce stated that income-targeting was the main reason.

Director Cheng asked about the comments on fragmented phasing

Mrs. Knowles-Pearce stated there were concerns about the timing of how the phases are planned for construction. There currently appears to be a "hopscootch" approach.

Director Blumenfeld stated he is not sure how the recent comments on the draft phasing plan get incorporated and filtered back to the Board.

Mr. Sylvan stated there was assumption, due to time, to not have a revised phasing plan presented back to the Board. The phasing plan is no different than any of the other plans in that the changes are ongoing and are reflected accordingly.

Director Blumenfeld asked for emphasis on the changes to the plan from the previous iteration.

Director Rosen stated that the CAB had a request for a statement from TIDA supporting the housing plan. Asked for confirmation from staff that this planning presumed binding legal documents covering these issues.

Mr. Sylvan stated members of the sub-committee felt it was important to have that language in their comments. CAB was made aware that these development documents are legally binding as to TIDA's role as an agency.

6. Ongoing Business by Directors

Director Elberling asked for an update on the roof situation for Building 3 on Treasure Island. Mr. Marc McDonald, TIDA Facilities Director, stated no decision is required from the Board at this point. Design review and estimating work is still on-going, followed by a bid process. Director Elberling stated he hopes this issue is figured out in a timely manner.

7. General Public Comment

Ms. Beverly Alexander, PG&E Vice President, stated she is following up on a letter sent to the Board offering PG&E expertise in green development on Treasure Island. Stated that PG&E has years of expertise in renewable energy and green development. Stated PG&E is excited at the potential to work with TIDA on making Treasure Island a showcase for sustainable development and leveraging PG&E's expertise.

Ms. Becky Richardson, TI resident and SFICA member, encouraged the TIDA Board to hold a meeting on Treasure Island. Stated the Board represents the residents of Treasure Island and a majority of the residents don't know who the Board are and as they work during the day are unavailable to attend the meetings. Encouraged the Board to hold an evening meeting on the Island.

Captain Denis O'Leary, Captain of Southern Station, stated that Southern Station provides services to South of Market as well as Treasure Island. The daytime staffing of the station is 124 officers; the staffing for Treasure Island is 2 officers per watch, with 3 watches per day, supervised by a sergeant. Stated there is a great deal of faith in the Police Department by the residents of Treasure Island, evidenced by the fact that calls to 911 operators are up and the amount of police reports filed on the Island has increased. Provided statistics to the Board on crime on Treasure Island over the past quarter-year.

Director Rosen asked if there were comparisons with Type A and Type B reports on the Island from this year and last year.

Captain O'Leary stated that there was an increase in the number of A priority calls for service in 2006 than in 2005. Stated there has been a decrease in the number of A priority calls which were "on-views" by officers. Stated there is quite a jump in the amount of B priority calls made to 911 by Island residents. Those calls for service reflect the SFPD's reaching out to the community and encouraging the residents to call 911 when seeing a crime.

Director Elberling asked if Southern Station assigns officers to the Transbay Terminal. Captain O'Leary stated that a police car patrol the area at Transbay Terminal. Officers also conduct Bus Inspection Programs where they talk to drivers and ride MUNI buses such as the 108.

Director Franklin asked what the staffing allocations are based on the population in Southern district.

Captain O'Leary stated that there are six radio cars and four foot beats in the Southern section. His focus is violence prevention and the areas in the district where that happens. The Southern district has the most crime reports in the City; he takes these issues into account when submitting staffing plans to Command staff.

Ms. Eve Bach stated for the purposes of Sunshine this issue needs to be agendaized as a separate item.

Director Elberling asked if a resolution was passed earlier by the Board regarding meetings on the Island.

Director Cheng stated this item had been calendared and tabled at a prior meeting.

8. Consent Agenda

Director Cheng stated that staff has requested to pull Item 8 (d) from the agenda. Also Counsel has advised that Item 8(e) requires approval by a super-majority of the Board, which is not currently present, and that item will be pulled as well.

There was no public comment on the remainder of the Consent Agenda

Director Blumenfeld motioned for approval of the remainder of the Consent Agenda

Director Rosen seconded the motion

The Consent Agenda was approved unanimously

9. Approving the FY2006-2007 TIDA Budget

Mr. Jack Sylvan presented the FY2006-2007 budget. TIDA staff worked with the Mayor's Budget Office and the City Administrator's Office to prepare the budget in the Board's packet. Highlighted changes from the previous year budget. Revenues are slightly \$3 million more than last year, the majority of that is due to the reimbursement of TIDA redevelopment planning costs by TICD, both in the coming and prior fiscal year. Commercial and housing revenues have decreased by approximately \$500,000, a combination of loss of a tenant from Building 3 and a decrease in housing revenues due to pending transfer of the 54 units from John Stewart Company to TIHDI as well as an increase in residential utilities charges by the PUC. This increase will need to be brought before the TIDA Board for action. The project office is being transitioned to the City Administrator's Office and reorganized from 12 positions to 8 positions. There is an increase of nearly \$3 million in the professional services budget; many of those costs will be reimbursed. There are also consistent contracts with TIHDI and operation of the gymnasium. There is also the \$1 million in reimbursed funds allocated for improvements on the Islands. Police, Fire and Department of Public Works are funded at the same levels, and PUC has had an increase in allocations for increased assistance in infrastructure planning and an additional \$700,000 to pay utility bills which PUC bills directly to TIDA.

Director Cheng asked why there was such a decrease in promotional expenses.

Mr. Sylvan stated that expenditures such as updating the website is captured in professional services. As for promoting the Island, the feeling is that staff can do that and use other City resources, this recommendation was made by Mr. Farrell.

Director Cheng asked for clarification on the \$1 million projected for community programming and property improvement.

Mr. Sylvan stated this is not the cost to facilitate the process; this is monies available to actually make improvements that the community identifies as priorities through a process.

Director Rosen stated that as she recalled, the promotional budget for last year was additional money programmed for entertainment on the Island by the former Executive Director. This budget does not really have to do with marketing the Island. Stated she was glad to see that line-item reduced and public funds should not be used for entertaining. Asked if discussion of federal no-cost disposition rules were dropped from the budget narrative this year because TI is out of the no-cost disposition category or if the narrative was inadvertently dropped.

Mr. Sylvan stated the portion of the sentence governing no-cost disposition should have been dropped as staff believes they are no longer dealing in the realm of no-cost disposition.

Director Blumenfeld asked if the \$215,000 allocated for the gymnasium programming allows for renovations to the gymnasium as well.

Mr. Sylvan stated those funds can come from a variety of sources, the DPW line item, determination of the community that refurbishment of the gym is a priority could come from that line item. The \$215,000 is strictly the funding for operation and programming of the gymnasium.

Director Blumenfeld asked why there was mention of an increase recommended by Harvey Rose for the Fire Department budget.

Mr. Sylvan stated he is unsure why that recommendation was made.

Director Blumenfeld asked why there was a discrepancy between the Fire Department budget and the Police Department budget.

Mr. Sylvan stated there were greater staff costs and equipment maintenance costs for the Fire Department than the Police Department.

Director Blumenfeld asked what the plans are for the \$900,000 budgeted for building repair.

Mr. Marc McDonald, TIDA Facilities Director, stated repairs anticipated include standard repairs to buildings and roadways, repair of Building 3 discussed earlier, windows along Perimeter Path are being boarded up along with general board-ups throughout the Island, Macalla Road was repaired in the last year. This budget is generally a large catch-all for repairs on the Island.

There was no Public Comment on this item

Director Rosen motioned for approval of the item

Director Cheng seconded the motion

The item was approved unanimously

Director Blout joined the TIDA Board at 2:55 PM

10. Presentation of Revised Transportation Plan

Mr. Jack Sylvan, Mayor's Office of Base Reuse, presented the Revised Transportation Plan. The original draft was presented in January, 2006 to the Board and to the CAB. Both entities

requested presentation of a revised version based on comments made about the previous plan. Introduced Paul Menaker of Lennar.

Mr. Paul Menaker, Lennar, introduced Bill Burton from Korve Engineering and Aidan Hughes from ARUP. Stated this revised plan is based on comments received from the public, the TIDA Board, the CAB and the Board of Supervisors. Reviewed major tenets of the plan, including public transportation, parking and alternate transportation. A major part of the plan is providing alternatives to automobiles and discouraging use of automobiles as a means of transit to and from the Islands. In response to comments, this revised draft analyzed comparable situations such as South Beach in downtown San Francisco and Superdistrict 2 in San Francisco. Stated concerns were raised that if given alternatives, people would use ferry instead of bus. Analysis was done of Tiburon, Larkspur and Sausalito and it was found that the modes were comparable to what is assumed for Treasure Island. Analysis of walking as a primary mode of transportation was also analyzed. Most community needs will be served on the Island, and most of these activities are going to be located very close to where people already live. Analysis was done of walking distances and times from the Ferry Building and Civic Center in San Francisco, and it was found that many people will make up to a 10 minute walk within these areas from their primary transit mode. Stated further analysis was done of traffic impact on the Bay Bridge. Stated TICD is committed to limiting generated traffic on the Bay Bridge to 5% or less of the Bridge traffic during peak hours. Stated they are also recommending on-Island shuttles over MUNI service throughout the Island. Shuttles operating in all areas of the Island simultaneously makes more sense. MUNI vehicles may also not be compatible with the proposed development; shuttles are more compatible, reliable and not impacted by regional transit patterns. Stated that their attorneys have indicated that the transportation district planned for the Islands which encompass the congestion pricing and parking component is possible. Changes made are relative to capital costs. Stated he wants to emphasize that this plan is flexible, which is important so that things can be modified throughout the process.

Director Elberling asked what in this document is essential in regards to term-sheet questions. Mr. Sylvan stated staff is looking for a viable plan. Secondly, there are basic proposals on institutional structure which require buy-in. Also, capital improvements are being analyzed. The developer has proposed this capital is funded by the project and the operations fund themselves. For the term sheet, the Land Use Plan should facilitate the Transportation Plan. The capital associated with the Transportation Plan is the most important piece in regards to project financing.

Director Elberling asked what the main decision embodied in the plan in regards to institutional structure.

Mr. Menaker stated that their attorneys indicate that a public-benefit, non-profit corporation could be established to handle the congestion pricing program as well as the parking district. The issue of how to handle on-street parking would need to be addressed; off-street parking is a private facility. This district could be established based upon this information being part of the homeowners' covenants when purchasing a home.

Mr. Sylvan stated staff recognizes this is going to require approval by the City of such a district which is unique to the City. Because of the uniqueness of the project, unique solutions and

treatment are necessary. There needs to be political buy-in from the TIDA Board and Board of Supervisors for this entity.

Director Rosen stated this proposed agency would have a regulatory function and power. Stated it would seem to need some force of law to take on these policing powers outside to some sort of 501 (c) 3 or homeowners agency. Stated she has been grappling with how to create such an agency to fulfill these functions.

Mr. Sylvan stated it would function as an agency with jurisdiction, not as a homeowner's organization.

Director Rosen asked if this entity will be given governmental powers by the state or locality.

Mr. Sylvan stated it would be given governmental powers. Some of its functions would require delegated power. There have been discussions with the Transportation Authority over how this agency could exist and how it could be structured. There are several options for this structuring. Mr. Menaker stated there are both public policy and legality issues surrounding this. This option would not be moved forward without the Board's endorsement.

Director Rosen stated there are several issues of legal feasibility to still be determined.

Director Elberling stated that the assumptions and analysis in this document are somewhat debatable. This does not matter for the term sheet, but stated the Board needs to come back and take a better look at this plan again at some point. Stated there are elements there to make the plan work, and this can be addressed prior to the EIR. Asked if there was any discussion of a diamond lane on the Bridge for buses and to make entry onto the Bridge safer on the Western Span going into San Francisco.

Mr. Bill Burton, Kolve, stated that CalTrans does not have a diamond lane on the Bridge because the peak-hour volume of High Occupancy Vehicles is over the one lane capacity for HOVs. An HOV lane isn't on the Bridge for this reason, there would be no benefit as it would have as much traffic as the other lanes. Stated that CalTrans is also pursuing looking at improvements for these on-ramps. There are plans to reconstruct the eastbound on and off-ramps, and studies are ongoing to examine how to make the West span on and off ramps safer.

Mr. Sylvan stated that the SB 1841 legislation is the first step in getting CalTrans to accept that there needs to be four new ramps connecting the Bridge to Yerba Buena Island, including allowing for safe-merging onto the Bridge.

Director Elberling stated the cost of the ferry terminal was left out of the capital costs analysis, asked if the developer was funding the additional money necessary for the establishment of the new location of a west-side ferry terminal. Stated the bus terminal land location has a high value based on its land location. Stated that location for the bus terminal needs to be moved or dropped in order to allow for project feasibility.

Mr. Sylvan stated the capital costs associated with the ferry terminal are based on the assumption that the new ferry terminal creates a viable commercial district in that area that was not viable before. The bus terminal location needs to be studied to determine if it is the most optimal use of the land.

Mr. Menaker stated the costs indicated as missing are instead in the infrastructure numbers, not missing.

Director Blumenfeld asked how the heavy residential element was factored into the congestion pricing studies.

Mr. Aidan Hughes, ARUP, stated the principle purpose of comparing congestion pricing in other locations around the world was to prove that congestion pricing was possible, not to make direct comparisons. Besides comments regarding commercial versus residential, there are also questions of time of day of travel. What was taken from the examples was that congestion pricing can be successful when applied.

Director Blumenfeld stated there needs to be limited impact on the Bridge, yet conversely need sufficient trips in order to pay for everything else. Asked how to balance these kinds of issues.

Mr. Menaker stated the ramp metering guarantees controlling traffic on the Bridge, which can guarantee discouraging car traffic. Stated that when new residents come onto the Island, they will have it disclosed that there is a fee imposed with coming onto the Island and they will know what they are buying into. Another method for controlling traffic is the parking fees, this allows for positive control over the discouragement of auto use. Stated that if the plan is too successful there are options to add additional transit service.

Director Blumenfeld asked if there is commitment to using clean-fuel shuttles and what is the infrastructure to support these vehicles.

Mr. Menaker stated there is a corporate yard for the servicing of the shuttles; they will be clean-fuel vehicles.

Director Blumenfeld asked what the transportation options were for emergency transportation.

Mr. Menaker stated besides ground vehicles, there are water options and helicopter.

Director Rosen asked for clarification on projecting modal split into project contribution to Bridge volume. Stated it seemed like the previous charts show a much larger number of vehicles going onto the Bridge than the other tables.

Mr. Burton stated that a footnote will be put in for clarification.

Director Rosen asked for clarification on Mr. Menaker's comment that the capital costs will be a separate responsibility of the developer, and if this is a separate commitment from the developer.

Mr. Menaker stated this is listed in the pro-forma as a contribution expense item.

Mr. Sylvan stated that the financing plan will have an infrastructure budget which will include a capital cost for ferry and buses and other capital projects. It is still unclear as to how that will be financed, there is only so much public financing available and it is still being analyzed if it should be used for transportation infrastructure.

Director Rosen asked if it was more accurate to call it an overall capital cost of the development, rather than calling it a developer contribution. Stated there is a significant difference between development costs and something promoted as a contribution. Asked what TIDC is proposing to guarantee that the Transportation Plan remains operational if revenues are less or expenses more than projected.

Mr. Menaker stated that the plan assumes more revenue than expenses. There are knobs in the plan to adjust based on analysis. There are additional revenues that can also cover shortfalls. Prices can also be increased for parking fees and congestion pricing. There is a balance sought between revenues and expenses.

Director Rosen stated that she likes the idea of a universal transit pass; she also would like to see guaranteed access to the entire transit program for low-income residents especially for programs such as the congestion pricing. Stated there was mention of full ADA accessibility and that commitment needs to be more clearly announced as a priority.

Public Comment

Ms. Eve Bach, ARC Ecology, stated most changes to the plan are around the edges, many structural and logical problems remain. Stated the differences between a tax and a user fee need to be enunciated more clearly. Fees that are adjusted up or down to achieve a policy objective are actually taxes. Stated the whole plan is built on this congestion management fee and going ahead with the term sheet prior to resolving this issue is a problem. Stated she also has issues with the trip comparisons used in the analysis. Stated there is no way this plan can be supported prior to assurance that many of the issues will be addressed.

Director Elberling stated that there needs to be a public forum prior to the next EIR process where these issues can be worked through with staff, the public and the developers. Stated he does not believe this needs to be done by the term sheet, but should be done prior to the launching of a new EIR. Asked what it would cost an average person living on the Island for transportation.

Mr. Burton stated that each user will pay a fee based on their transportation experience. People working in the City and living on the Island are assumed to be using the transit pass.

Director Rosen asked staff and the developers to take time to meet with members of the public who have put sufficient time and thought into comments on the various plans.

Director Blumenfeld left the Board at 3:39 PM

11. Resolution Approving Extension of Refuse Collection Contract and Making Emergency Findings

Mr. Marc McDonald, TIDA Facilities Director, stated that the current garbage contract expires in May. Joanne Sakai has been asked to sign an emergency finding to continue the garbage contract and refuse service on Treasure Island. Also before the Board is an extension of the agreement until the end of May, 2006. A fifth agreement is also before the Board which would extend the current agreement through October, 2006. The refuse Request for Proposal is being delayed until the new rate adjustments being considered by the City of San Francisco are determined.

There was no public comment on this item

Director Rosen motioned for approval of the item

Director Blout seconded the motion

The item was approved unanimously

12. Possible Closed Session for Conference with Legal Counsel

There was no public comment on the closed session item

Director Blout motioned to move to closed session on this item

Director Cheng seconded the motion

The Board voted unanimously to move to closed session for Item 12

13. Possible Closed Session for Conference with Real Property Negotiators

There was no public comment on the closed session item

Director Blout motioned to move to closed session on this item

Director Cheng seconded the motion

The Board voted unanimously to move to closed session for Item 13

The TIDA Board went to closed session at 3:58 PM

The TIDA Board reconvened in open session at 4:55 PM

Director Elberling motioned not to disclose the closed session discussion for Item 12

Director Rosen seconded the motion

The motion not to disclose discussion for Item 12 was approved unanimously

Director Elberling motioned not to disclose the closed session discussion for Item 13

Director Rosen seconded the motion

The motion not to disclose discussion for Item 13 was approved unanimously

14. Discussion of Future Agenda Items by Directors

There were no items discussed

15. Director Rosen motioned for adjournment

The meeting was adjourned at 4:58 PM

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



TREASURE ISLAND DEVELOPMENT AUTHORITY
SPECIAL MEETING AGENDA
May 31, 2006 1:30 P.M.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

Gavin Newsom, Mayor

DIRECTORS

Claudine Cheng, Chair
Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

DOCUMENTS DEPT.

MAY 26 2006

SAN FRANCISCO
PUBLIC LIBRARY

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by the Deputy Executive Director of the Redevelopment Agency (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)
5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***

8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a.) Approval of Minutes of May 10, 2006 Meeting (*Action Item*)
- b.) Resolution Authorizing the Executive Director to Execute a Use Permit with Cross Link Inc., dba Westar Marine Services, for the Use of Two Barges, YC-713 and YC-825, for the Period June 1, 2006 through May 31, 2007 and Allowing for Exemption of Any and All Barges from this Use Permit Subject to 30 day Prior Written Notification (*Action Item*)
- c.) Resolution Authorizing the Executive Director to Execute a Sublease for a Term of 12 Months with Two One-Year Extensions Vested in the Board in Its Sole and Absolute Discretion with KMT Management, LLC for the Use of Building 140 (The Nimitz Conference Center) Containing a Total of 24,169 Square Feet (*Action Item*)
9. Presentation on the Status of the United States Navy's Environmental Remediation Program (*Discussion Item*)
10. Resolution Authorizing the Executive Director to Execute an Amendment to the Contract With Geomatrix Consultants, Inc. To Extend The Term Through June 30, 2007, to Modify the Scope of Services, and Increase the Contract by an Amount Not to Exceed \$180,000 for a New Total Amount Not to Exceed \$1,097,000 for Environmental Consulting Services. (*Action Item*)
11. Resolution Establishing an Ad-Hoc Nominating Committee, Consisting of Three Members of the Treasure Island Development Authority Board of Directors Appointed by the President, to Nominate Members of the TIDA Board to Serve as Officers of the TIDA Board in Accordance with the TIDA Bylaws (*Action Item*)

12. POSSIBLE CLOSED SESSION

If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting

- a. Public Comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with real property negotiators. (*Action item*)
- c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Michael Cohen, Jack Sylvan,
Joanne Sakai

Persons negotiating with the Authority: United States Navy, Treasure
Island Community Development, LLC

Property: Former Naval Station Treasure Island

Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

d. Reconvene in open session (*Action item*)

i. Possible report on action taken in closed session under Agenda Item 12
(Government Code section 54957.1 (a) (1) and San Francisco Administrative
Code Section 67.12)

ii. Vote to elect whether to disclose any or all discussions held in closed
session (*San Francisco Administrative Code Section 67.12*).

13. POSSIBLE CLOSED SESSION

***If approved by the TIDA Board, this Closed Session item will take place for
approximately 30 minutes at the end of the meeting***

a. Public Comment on all items relating to closed session

b. Vote on whether to hold closed session to confer with real property
negotiators. (*Action item*)

c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Joanne Sakai, Marc McDonald

Persons negotiating with the Authority: San Francisco Golden Gate Youth
Rugby

Property: Building 34 located on Former Naval Station Treasure Island

Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

d. Reconvene in open session (*Action item*)

i. Possible report on action taken in closed session under Agenda Item 13
(Government Code section 54957.1 (a) (1) and San Francisco Administrative
Code Section 67.12)

ii. Vote to elect whether to disclose any or all discussions held in closed
session (*San Francisco Administrative Code Section 67.12*).

14. Discussion of Future Agenda Items by Directors (*Discussion Item*)

15. Adjourn

*Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island
Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government
Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.*

Disability Access

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

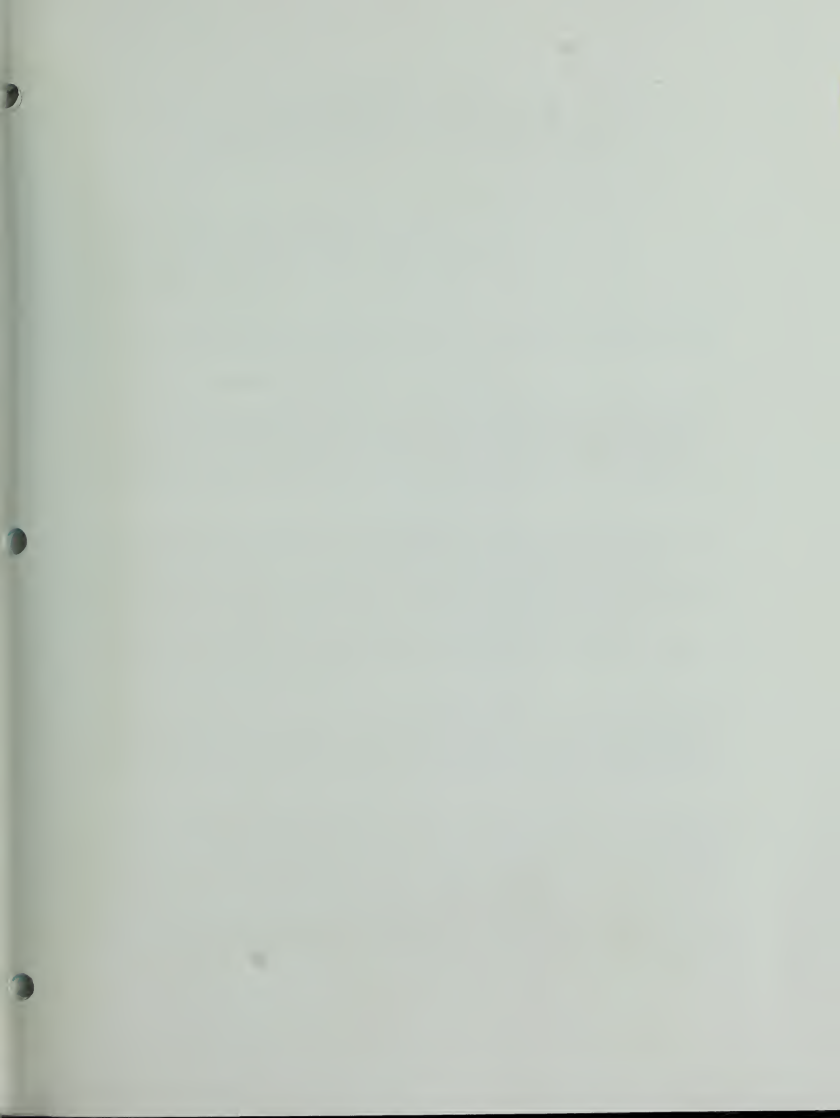
Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site <http://www.sfgov.org/ethics/>.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at stff@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>





**SIERRA CLUB
SAN FRANCISCO GROUP**

85 Second Street, Box SFG, San Francisco, CA 94105

May 24, 2006

Honorable Claudine Cheng, Chair, Board of Directors
Treasure Island Development Authority
Building One, 410 Palm Avenue FAX 274-0299
Treasure Island
San Francisco, CA 94130

Re: 4/20 Workshop and May 2006 Transportation Plan for Treasure and Yerba Buena Islands

Dear Ms. Cheng and Members of the Board:

Thank you for holding the Sustainability Workshop, staffed by the developer and consultants, to gather public input to help prepare more detailed sustainability plans for the island. We are combining our comments on the Workshop and the revised draft Transportation Plan with our preparation for the Board of Supervisor's Land Use Committee's review of the Transportation Plan.

We commend several provisions of the draft including: the increased concentration of housing closer to the southwest corner of TI; unbundling parking; the elimination of the excessive roadways on the north side of the island and the extended operating hours for parking meters. These components of the Plan will help reduce driving and make the project more sustainable. The presenters at each of the separate sections informed us of many excellent proposals for sustainability improvements. In a spirit of hope for the environmental and economic sustainability of TI and YBI, we list below comments which should be considered as further improvements to the Transportation Plan:

Off-Island Traffic: We were informed that the developer considers it acceptable to generate the same percentage (5%) of Bay Bridge traffic in the peak direction as was measured in 1986 and that provisions in the Transportation Plan would be proposed in an attempt to reduce off-island traffic to meet this limit. We believe that this level of off-island automobile traffic is too high.

There is no evidence that traffic volumes in 1986 were acceptable, either for safety or for the environment. And since then, the impacts of Bay Bridge congestion have expanded considerably into San Francisco streets as well as into Alameda and Contra Costa counties. Furthermore, we know more now than we did then about the negative effects of automobiles on the environment -- pulverized brake linings harm the Bay ecosystem, tailpipe emissions contribute to global warming, etc., and even electric cars can have harmful impacts at the sites where the electricity is produced. The development cannot be called sustainable if it fails to base its goals on the need to protect resources for future generations. The redevelopment of the islands should strive to add as

little as possible to auto-related environmental impacts. Driving requires all of following: car ownership or rental; fuel supply; available roadways; and parking where the car is stored and at the intended destination. The true cost to drivers of fuel, roads and parking are typically subsidized by various levels of government and many businesses. Reducing the supply of parking and increasing the cost along with improving transit are the only factors under the control of the City and are the best ways for SF to reduce auto impacts.

Charging island exit fees, that are high enough, may be a good way to reduce driving, but only charging cars leaving the island in the peak direction at peak times encourages driving off peak. The best way to decrease off-island non-commute traffic is make most the services necessary for island residents available on the island. The plan should include more discussion about how this will be accomplished.

Parking: It is good that residential parking will be unbundled from housing. The Plan reports that the parking supply for every type of land use conforms to requirements of the SF Planning Code, or other "authorities". But there are examples of reduced parking supply all over the City in accordance with other parts of the Code and common sense:

On TI housing has one space for every unit while only three miles away near downtown SF, parking will be limited to less than 0.75 off-street parking spaces per unit in areas that have only a limited supply of on-street parking. This supply should be reduced from 5,500 less than 4,125 spaces.

Hotels are said to require 0.8 spaces per room but the new hotel at Mission and Steuart has only 9 spaces for over 200 rooms because it is near excellent transit. TI hotel parking supply should be reduced from 336 to less than 20 spaces.

Retail is said to require 0.5 spaces per 1,000 square feet. Many neighborhood retail projects are designed to avoid this requirement, and new downtown department stores were allowed to be constructed without parking. The renovation of the Ferry Building seems to be a financial success without the initially desired nearby garage. The Plan shows 150,000 square feet of retail uses near the transit hub and at Cityside. No parking should be provided for this retail because traffic will conflict with the desirable pedestrian nature of this area. Therefore the parking supply for retail should be reduced from 466 to less than 43 spaces. Visitor serving retail should focus on services that will not require auto access.

"Flex" space is said to be considered as office for a parking requirement of 1 space per thousand square feet. But, the Code limits accessory parking for offices in downtown SF to 7% or about 0.2 spaces per thousand square feet. This supply should be reduced from 240 to less than 30 spaces. In the same way that SF limits the downtown parking supply it will be desirable to have these office workers walk from their home in TI or use transit in the reverse peak direction.

The marina is said to require 0.59 spaces per berth based on Institute of Transportation Engineers requirements which are typically based on the parking supply being "free". Because these spaces will not be free the number can be reduced when it is combined with other uses as shown on the

Parking Supply Table. The mainland Marina Small Boat Harbor has only 0.3 reserved free spaces per berth and these spaces are typically sufficient, but there is an ample supply of nearby Marina Park spaces. The TI marina parking supply can be reduced from 236 to 118 spaces because of combined use and parking fees.

The open space and recreation parking supply seems to be based on having an ample supply of free parking in accordance with ITE except that the Plan correctly does not include the little local park areas because residents will walk to these sites. None of the parking spaces provided should be free because: there will be good transit to the islands; residents can walk; bikes and shuttles will be available for residents and visitors and some of the spaces are near metered areas. It is important to start charging for recreational parking as early as possible because otherwise TI will have the same problems, with too much driving, experienced by the Presidio, Yosemite and Golden Gate Park. Experience will show that gravel for many of the proposed parking spaces can be removed and planted areas increased.

On-Street Parking is typically provided along all available curbsides. The Plan shows that on TI this is equal to 640 spaces. This number should be seriously reduced by the provision; of corner bulb outs for pedestrians and buses; mid block bulbs for trees and tiny park areas; white, blue and yellow curbs and changing the nature of more streets to pedestrian priority with less parking.

Parking Fees: It is good that the Plan proposes to charge \$1.50 an hour (the same as the parking meter rate in SF neighborhood commercial areas) from 7:00 AM to 10:00 PM 365 days per year for off and on-street parking. These charges should be market rate and adjusted upwards based on demand.

Jurisdictional Questions: Some important jurisdictional concepts are not discussed in the Plan. In SF all meters for on-street parking spaces (except for Port streets) go to the MTA and are used to fund Muni. In SF almost all off-street parking pays a parking tax used: 40% for Muni, 40% for the General Fund and 20% for senior service. In SF off street parking is required to pay a Transit Impact Development Fee. We believe that these funds should continue to fund necessary City services. Collecting parking fees requires some enforcement which adds additional complexity.

Bus Priority: The SF Transit First policy should be interpreted to give buses headed from the island priority at bridge approaches and/or the causeway. A system should be provided to allow buses headed to the Bridge to bypass auto traffic (jump the queue) at any time. This may require holding back auto traffic at a location short of the Bridge until the bus passes. We also suggest that Caltrans be urged to install a flashing light signaling bridge traffic that a bus from TI is approaching the bridge to further reduce bus delays.

Bus/Ferry Modal Split: The Appendix to the Plan provides information in an attempt to support their claim that about 68% of peak hour transit users will use the ferry. We have many problems with use of the information in the appendix to determine this split.

In general: a) In Appendix B, the five- and ten-minute walking map starts from the Ferry Building when the ferry is at least two minutes closer to the Bay. Correcting this map will reduce the area within walking distance. b) The appendix does not include a walking map for the Transbay Terminal, area which, because it is inland, will cover twice as area as the ferry building map. c) Price comparisons for bus and ferry fares should have been for monthly or multiple ride to be most meaningful. d) Table 4.2 has an error because it is labeled as peak hour when it seems to be peak period. e) The appendix table surprisingly shows that the same percentage of transit users will be ferry riders for five out of six land use categories. f) Even more surprising is that three times as many hotel workers (mostly low paid) will use the ferry than will use the bus. These workers do not live within walking distance of the Ferry Building and will most likely use Muni to the Transbay Terminal to use the bus.

The Staten Island split is based on ferry service that is free, if you live close to the ferry terminal, compared to bus service that costs about \$2.00 each way if the rider has a monthly pass. If the ferry rider takes a bus to the ferry terminal the cost of the commute is also about \$2.00 a ride. The ferry is larger and slower and takes 25 minutes to bring riders near many Wall Street work sites. The Express buses must take longer but they go to many other sites and save riders a subway ride. Thus the Staten Island Ferry, while a wonderful free ride for visitors on New York harbor, costs the same as the bus for most commuters and is not really useful to help determine the TI modal split.

The Larkspur split is based on ferries at low frequency compared with only one bus per peak period to each SF site. The ferry is faster than a bus and the ferry fare is \$2.50 and only 60% more than the bus, leading to 73% taking the ferry. TI buses will have much more frequent service and the ferry fare will be three times the bus fare so this split information is not useful.

The Tiburon split is based on ferries at less frequency than buses but the ferry gets to downtown SF 30 minutes faster than the bus. Here the ferry fare is \$5. 25 more than the bus (there is no subsidy for the ferry from the bridge toll) and 76 or 90% (two sets of data are given) take the ferry. This comparison is not very useful because the ferry is much faster than the bus.

The Sausalito split is based on ferries running at less frequency than buses with the buses having a similar run time to Pine and Battery but faster to other locations because a transfer from the ferry would be necessary. Here the ferry fare is \$3.20 more and twice the cost of a bus ride, leading to 41% of transit users taking the ferry. The proposed TI ferry will also run at less frequency than the bus and will not be faster than the bus. Our Muni bus priority improvements and shuttle changes make the Muni bus a faster ride than the ferry. The ferry fare will be \$2.00 more than the bus and three times the cost of a bus ride (based on multiple use fares). The Sausalito comparison is useful but the percentage of ferry users may actually be lower on TI because: 30% of TI residents will live in affordable housing; the bus ride will be same or faster than the ferry and the relative price of the bus will be less than from Sausalito.

The resulting large increase in the number of bus riders, from 32% to at least 59% of transit users, could mean that Muni might use articulated buses for this service and/or run more frequent service.

Street Network comments:

On YBI additional Green Y4 connector streets should be extended as walkways to run directly from housing areas to the bus route on Macalla road, the causeway and bridge approaches to facilitate walking to the Muni bus. The walkways should allow all YBI residents a 800-1,000 foot walk to Muni (Muni standard for hilly areas). Proper pedestrian safety provisions will be necessary to cross the bridge approaches.

Most of the traffic lanes are too wide. Each traffic lane should be reduced to limit speeds to 25 mph, consistent with emergency vehicle requirements. The only streets that need wider lanes than 10 feet are for streets serving Muni Bus routes. Safety medians should be provided to encourage walking on streets that have two traffic lanes and curbside parking.

There are a good number of pedestrian priority- T6, alleys or mews, (the street labels on the map and descriptions should correspond more closely) but, there should be more. Sprinz Street should be more like an alley with fire truck access and limited time commercial delivery access. We were informed that State Lands Commission staff recommends that a roadway be provided to access the Cityside open space. The length of this roadway is about three thousand feet, a ten minute healthy walk. The open space is a short block from a transit street and the south end is close to a ferry and/or major bus stop. For those who need direct access by auto the side streets will have ample parking for visitors and deliveries. Some provision to allow large moving vans to make 'U' - turns from the neighborhood streets may be necessary, but there is no need to allow people to drive around the island.

The above change will also require a change to the Shuttle 'A' route which can improve ambiance and reduce shuttle running time. We suggest the addition of a mini round-about at the intersection of the Cityside circulation street and the roadway to the school. The Route A shuttle (or a Muni bus) should stop at the round-about and once more each way on the circulation street before the transit hub stop. This would reduce the route from 17 blocks to 12 blocks and reduce the number of stops in a round trip from nine to four (including the hub). These stops would be within 1,000 to 1,200 feet of all residents (Muni standard for flat lands). The shuttle becomes more efficient because riders come from both sides of the route. We believe that the change will also improve street ambiance because most people will prefer walking a little to having a bus run in front of their house

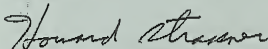
Shuttle Service vs Muni: We found some problems in appendix table C-12. Most of the Muni routes had riders traveling over multiple shuttle route segments, but two didn't. This led us to suggest an alternative of using the Muni bus to replace the 'A' shuttle route. We urge that a study be done, in coordination with Muni, of the cost-effectiveness of using Muni to provide all or part of the on-island shuttle service. It doesn't make sense for all shuttle riders who wish to take Muni to the Mainland to have to transfer from one bus to another. Please consider as a possibility: Muni serves Yerba Buena Island for trips to TI or to the Mainland (with the above extended walkways) and the west-side TI neighborhood, while an on-island shuttle 'B' serves the south-side neighborhood. West side residents can board Muni and either get off at the ferry terminal or continue directly to the Transbay Terminal. South side residents, after a short walk or

shuttle ride, will board the Muni bus after the ferry-bound passengers get off. This will make the Muni 108 and the TI shuttle more efficient and reduce transit cost while average reducing average rider travel time to about 17 minutes instead of 25. Also, we look forward to seeing how visitors and residents will be able to travel between the northwest and southeast corners of TI and to reach recreational sites on both islands.

As an additional alternative The 'B' route could be modified similar to our suggestions for the 'A' route and the increased bus ridership noted above may make it economical for Muni to run 'A' and 'B' buses.

Ferry Study: We were informally informed that the developer may not have sufficient funds to perform a study that compares ferry service to Muni service and provides a cost-benefit analysis of whether to provide ferry service at all. We will submit a separate letter defining a limited-scope ferry study and how almost all of the necessary information is readily available.

Sincerely yours,



Howard Strassner, Chair of the Transportation Committee
419 Vicente, San Francisco CA 94116, 661-8786, (h,w,fx) email: ruthow@dslextre.me.com

CC: Land Use Committee



POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4803

HEATHER J. FONG
CHIEF OF POLICE

May 16, 2006



Ms. Joanne Sakai
Interim Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
S.F., CA 94130

SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics -- April 2006

Dear Ms. Sakai:

There were twenty-five incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of April 2006. Please see Attachment A for specific information.

Please contact me at (415) 553-9154 or at Denis.O'Leary@sfgov.org if you have any questions.

Sincerely,

DENIS F. O'LEARY
Captain - Southern Station

Attachment

DJL
C:

H. FONG
S. TACCHINI



ATTACHMENT A

DATE	LOCATION	TYPE	COMMENTS	CASE NUMBER
March 15	400 block of Avenue I	Petty Theft	Reported April 7	060373029
March 30	300 block of California	Grand Theft	Reported April 4	060358366
April 2	1300 block of Gateview	Vandalism		060352813
April 3	1300 block of Avenue B	Recovered Stolen Auto	Stolen in S.F.	060328949
April 4	Keppler Court	Missing juvenile	Found April 5	060361717
April 9	600 block of Avenue H	Grand Theft	Reported April 10	060385375
April 15	400 block of 13 th Street	Vandalism	Discovered by officer on patrol	060404113
April 18	400 block of 13 th Street	Burglary	Discovered by officer on patrol - DPW advised	060415433
April 19	600 block of Avenue H	Battery	Suspect known	060418146
April 21	600 block of Avenue H	Grand Theft		060426189
April 21	Exposition Drive	Missing juvenile	Found April 22	060427955
April 21	400 block of 13 th Street	Burglary		060437001
April 21	12 th St. and Flounder Ct.	Recovered Stolen Auto	Stolen in S.F.	060415035
April 22	Mariner Drive	Missing juvenile	Reported April 24	060434825
April 22	600 block of Avenue H	Criminal Threats	Reported April 23 - Suspect known	060432142
April 22	1200 block of Gateview	Vehicle Code Violation		060428721
April 22	Northpoint Drive	Mental Health Detention		060428298
April 23	Address Withheld	Domestic Violence	One booked at County Jail	060431360
April 26	600 block of Avenue H	Criminal Threats	Suspect known	060443367
April 28	Striped Bass Court	Suspicious Occurrence	Suspect known	060443367
April 29	Gateview Court	Missing juvenile	Found April 29	060457714
April 29	Building 402 - TI Gym	Burglary	Reported May 1	060462638
April 30	400 block of Avenue H	Arson	Juvenile suspects	060460961
April 30	Avenue B & Gateview	Hit and Run		060461044
April 30	Avenue B & Gateview	Warrant Arrest	Passenger in above case	060461072

Part I Crimes April 2006

Arson	1
Assault	2
Burglary	3
Homicide	0
Larceny	4
Robbery	0
Sex Offenses	0
Vehicle Theft	0
Total	10



TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



JOANNE SAKAI
DEPUTY EXECUTIVE DIRECTOR
SAN FRANCISCO
REDEVELOPMENT AGENCY
ON BEHALF OF TIDA

May 23, 2006

By Facsimile
and First Class Mail

Mr. Brian Cahill
Executive Director
Catholic Charities / CYO
180 Howard Street, Suite 100
San Francisco, CA. 94105-1617

Dear Mr. Cahill:

As you are aware, the existing Management Agreement between the Treasure Island Development Authority (TIDA) and Catholic Charities/CYO (CC/CYO) for the operation of the Treasure Island Gymnasium expires on July 1, 2006. Currently, TIDA is engaged in a solicitation process in accordance with its procurement policy to identify and contract with an appropriate organization to staff and program the gymnasium for the next three years. Although TIDA staff expects to propose an operator for approval by the TIDA Board of Directors in mid-June, we also recognize that some transition time might be necessary. As a result, TIDA requests that CC/CYO consider a month-to-month extension of the Management Agreement, payable at the current monthly contractual rate of \$17,916.67 per month.

TIDA sincerely appreciates the effort and good work performed by CC/CYO staff over the past several years in service of the residents of Treasure and Yerba Buena Islands. In recognition of the importance of maintaining recreational opportunities in the gymnasium during the summer months, TIDA hopes that CC/CYO is amenable to this extension as a method to ensure that recreation and leisure programming on the Islands continues uninterrupted during this transition period. As this extension would need to be approved by the TIDA Board of Directors at its June 14th, 2006 meeting, a prompt reply from CC/CYO would be most appreciated. Please have the appropriate CC/CYO staff contact Peter Summerville of TIDA staff at (415) 274-0660 at their earliest opportunity to further discuss this potential extension.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joanne Sakai".

Joanne Sakai, Deputy Executive Director San Francisco Redevelopment Agency
On behalf of the Treasure Island Development Authority

cc: Marc McDonald, Peter Summerville, Treasure Island Development Authority
Donnell Choy, Office of the City Attorney
Carlos Garcia, Catholic Charities/CYO

May 2006

Treasure Island Development Authority, Board of Directors
Monthly Board of Directors Meeting, May 31, 2006



RE: San Francisco Public Utilities Commission's Treasure Island Fluorescent Bulb Collection Project

Dear Board of Directors:

The San Francisco Public Utilities Commission (SFPUC) wanted to bring to your attention an important project that will be starting on Treasure Island in June 2006.

SFPUC is sponsoring the Treasure Island Fluorescent Bulb Collection Project. The SFPUC manages the Treasure Island wastewater treatment plant on the Navy's behalf, and as part of the EPA's permit requirements, SFPUC is required to implement pollution prevention measures for particular pollutants, including mercury.

Fluorescent bulbs contain mercury, and improper disposal commonly results in breakage and release of mercury to the environment. Mercury can be toxic to both humans and animals if inhaled, or absorbed through the skin, or consumed in foods we eat. Since Treasure Island is an island that sits in the middle of San Francisco Bay, there is considerably more potential for mercury contamination into the Bay. This pollution can affect residents and visitors when fishing or recreating along the shores of San Francisco Bay.

When: Saturday, June 10, 2006, 10 AM –2 PM
Saturday, September 16, 2006, 10 AM –2 PM

Where: San Francisco Fire Station, Building 157, Avenue D, located on TI

More Info: Please call the SFPUC Water Pollution Prevention Program at Meg Gale (415) 695-7378 or visit: <http://pollutionprevention.sfwater.org>

Please also see the attached flyer regarding this project for additional information.

Thank you for your assistance,

Sincerely,

Lewis Harrison
SFPUC, Water Pollution Prevention Manager

Fluorescent Bulb Collection Project

It saved you *energy* ...
now save it from the environment.

Fluorescent bulbs contain mercury, and improper disposal may harm the environment.

Drop-off Days:

Saturday, June 10, 2006, 10 AM-2 PM
Saturday, September 16, 2006, 10 AM-2 PM

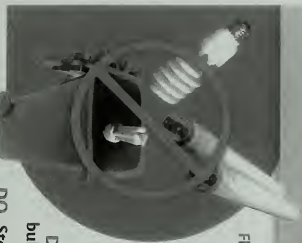
Where:

San Francisco Fire Station, Bldg. 157
Avenue D, Treasure Island

DO NOT Dispose of your old fluorescent bulbs in your trash or recycling bins!

DO Store them safely until the next scheduled Drop-off Day.

Questions? Call 415-695-7378 or visit:
<http://pollutionprevention.sfwater.org>







The Treasure Island Sailing Center is a non-profit organization whose mission is to make sailing accessible to the community by providing instruction and facilities to people of all skill levels, socio-economic backgrounds and physical abilities.

BOARD MEMBERS

Carissa Harris Adamson, President
Tom Allen, Vice President
Bill Hoehler, Secretary
Chris Churchill, Treasurer
Terry Anderlini
Julia Cashin

Doug Cefali
Marcella Churchill
Jack McDonald
Herb Meyer
Frank Middleton
Anthony Sandberg

STAFF

Dan Leininger, Director of Operations

Lisa Hotchkiss, Director of Development
& Communications

SPECIAL THANKS

TO OUR EVENT PARTNERS AND SPONSORS

Almar Marinas
Bitter End Yacht Club
Club Nautique
GEL
J World
Lagunitas
Latitude 38
Life Learning Academy

Mount Gay
OGSC
South Beach Yacht Club
Strictly Sail Pacific
Treasure Island Development Assn.
Treasure Island Yacht Club
Volunteer Center of San Francisco
YRA

Summer SAILSTICE²⁰⁰⁶ AT TREASURE ISLAND SAILING CENTER

Celebrate the spirit of sailing and support community outreach sailing programs - at the best sailing party of the year!

SATURDAY, JUNE 17 ~ 4-9 PM

Live music by the Cow Bay Cruzboys
Hosted Bar Featuring Mount Gay & Free Boat Rides
Delectable Fare for purchase by Men Wielding Fire
Silent & Live Auctions & Great Raffle prizes

**TICKETS: ADULTS (21+) - \$25
CHILDREN ARE OUR GUESTS!**

**PURCHASE TICKETS ONLINE AT WWW.TISAILING.ORG
OR CALL 415.421.2244 FOR MORE INFORMATION.**



RACERS: Don't miss the Summer SailsTice Regatta, June 17 & 18 at Treasure Island. Open to the party and win prizes along the way! For details, visit www.tisailing.org, all regatta entrance fees include Saturday party admission.

CRUISERS: Our party at Club Harbour have set a special course for you that ends at Treasure Island. Come to the party and win prizes along the way! For details, visit www.tisailing.org or www.clubharbour.com.

Graphic Design Donated by Molly McCoy - www.mollymccoy.com









**TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco**

Agenda Item No.8(b)

Special Meeting of May 31, 2006

Subject: Authorizing the Executive Director to execute a Use Permit with Cross Link Inc., dba Westar Marine Services, for the use of two barges, YC-713, and YC-825, for the period July 1, 2006 through May 31, 2006 and allowing for exemption of any and all barges from this Use Permit subject to 30 day prior written notification.

Contact/Phone: Peter Summerville
(415) 274-0660

SUMMARY OF PROPOSED ACTION

Authorize the Executive Director to execute a Use Permit with Cross Link Inc., dba Westar Marine Services, to continue to use two barges for an additional 12 month period, June 1, 2006 through May 31, 2007.

DISCUSSION

On September 15, 2003, the Executive Director authorized a Use Permit with Cross Link Inc. dba Westar Marine Services ("Westar") to allow Westar to use four barges for the period September 15, 2003 through March 14, 2004. The Authority approved extensions of this Use Permit for the four barges at its March 10th, 2004, April 13th, 2005 and November 9th, 2005 meeting. The extension approved at the November 2005 meeting provided Westar a method for individually returning the barges prior to the end of the updated term of the Use Permit as the Bay Bridge construction the barges were supporting was at the time nearing completion. Since extending the Use Permit for the original four barges in November 2005, Westar has returned two of the four barges to the Authority, and has been prompt and attentive to process in this regard.

There are two TIDA barges still currently under Use Permit to Westar (identified as, YC-713 and YC-825). These barges are among the Navy properties the Authority can use to gather revenue as part of the Cooperative Agreement. The Bay Bridge construction work being supported by these remaining two barges has proceeded longer than originally anticipated by Westar, and as a result a new Use Permit for these two barges is necessary. Westar has provided staff with an updated tentative schedule for completion of this work and return of the barges to TIDA (Exhibit B).

As mentioned before, under the current Use Permit Westar is allowed to terminate the terms of the Use Permit as to either of the barges by giving TIDA 30 days prior written notification of its intent to partially terminate the Use Permit and returning such barge(s) to TIDA prior to the expiration of such 30 day period. This new Use Permit for YC-713 and YC-825 maintains this

partial-termination clause in order to allow for prompt return of the Barges to the Authority once their service for Westar is completed

The rent paid to TIDA by Westar for these two barges is \$2,188.75 per barge per month, or a total of \$4,377.50 per month.

RECOMMENDATION

Staff recommends approval of the Use Permit with Cross Link Inc. dba Westar Marine Services

Exhibit A: Proposed Use Permit with Cross Link Inc. dba Westar Marine Services

Exhibit B: Memo from Westar Marine Services

[Extension of Use Permit for Barges]

Authorizing the Executive Director to Execute a Use Permit with Cross Link Inc., dba Westar Marine Services, for the Use of Two Barges, YC-713 and YC-825, for the Period June 1, 2006 through May 31, 2007 and Allowing for Exemption of Any and All Barges from this Use Permit Subject to 30 day Prior Written Notification.

WHEREAS, former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The Authority and the United States Navy entered into a Cooperative Agreement designed to enable the Navy to help fund caretaker and other maintenance activities conducted by the City and subsequently the Authority; and

WHEREAS, the Cooperative Agreement allows the Authority to sublease or issue use permits for Navy properties entrusted to the Authority to generate revenues to help fund the Authority's maintenance responsibilities under the Cooperative Agreement; and

1 WHEREAS, the Executive Director authorized a use permit with Cross Link Inc., dba
2 Westar Marine Services, for the use of Barges YC-699, YC-713, YC-756, and YC-825, for the
3 six month period September 15, 2003 through March 14, 2004; and

4 WHEREAS, at its March 10, 2004 meeting the Authority approved a second use permit
5 with Cross Link Inc., dba Westar Marine Services, for use of the barges for the additional
6 period March 1, 2004 through February 28, 2005;

7 WHEREAS, at its April 13, 2005 meeting the Authority approved a third use permit with
8 Cross Link dba Westar Marine Services, for use of the barges for the additional period March
9 1, 2005 through July 31, 2005; and

10
11 WHEREAS, at it's November 9, 2006 meeting the Authority approved a fourth use
12 permit with Cross Link dba Westar Marine Services, for use of the barges for the additional
13 period August 1, 2005 through May 31, 2006

14 WHEREAS, Cross Link Inc., dba Westar Marine Services, has requested the continued
15 use of the four barges for the period June 1, 2006 through May 31, 2007, during which period
16 Westar anticipates its business requiring the barges will be completed and anticipates
17 returning all barges to the Authority; now therefore be it

18 RESOLVED, That the Authority hereby authorizes the Executive Director to
19 retroactively execute a Use Permit with Cross Link Inc., dba Westar Marine Services, for the
20 use of barges YC-713 and YC-825, for the period June 1, 2006 through May 31, 2007; and be
21 it

22 FURTHER RESOLVED, That Westar may terminate the Use Permit as to any one or
23 more of the barges at any time prior to the expiration of the term by providing the Authority
24 with 30 days written notice of its intent to so terminate the Use Permit and returning such
25 barges to custody of the Authority prior to the expiration of such 30-day period.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed special meeting on May 31, 2006.

Claudine Cheng, President

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS AND ARCHITECTURE

THE HISTORY OF ARTS AND ARCHITECTURE

THE HISTORY OF ARTS AND ARCHITECTURE

THE HISTORY OF ARTS AND ARCHITECTURE

THE HISTORY OF ARTS AND ARCHITECTURE

THE HISTORY OF ARTS AND ARCHITECTURE



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

City and County of San Francisco
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 Avenue of the Palms
Building One Treasure Island
San Francisco, California 94130

USE PERMIT
(Bare Boat Charter)

THIS USE PERMIT (this "Permit") dated for reference purposes only as June 1, 2006, is made by and between CROSS LINK, INC., dba WESTAR MARINE SERVICES, a California corporation, hereinafter referred to as "Permittee," and the Treasure Island Development Authority, a municipal corporation, hereinafter referred to as "Authority," acting by and through its Executive Director or the Director's designated agent, hereinafter referred to as "Executive Director."

RECITALS

WHEREAS, Authority has custody of those certain Vessels described in Requisition and Invoice document dated April 15, 1997 (Form 1149) hereto attached as Exhibit A; and

WHEREAS, Permittee seeks to charter the Vessels for the purposes stated herein, subject to the terms and conditions of this Permit.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree as follows:

1. **Right to Use Vessels.** Authority hereby confers a right to use and charter to Permittee, and Permittee hereby agrees to use and take on hire four (4) Vessels, Number YC - 713 and YC - 825, beginning on June 1, 2006 for the limited purpose and subject to the terms, conditions and restrictions set forth in this Permit.
2. **Inspection of Vessels.** Permittee represents and warrants that Permittee has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Permittee's Agents") of the Vessels, their seaworthiness and the suitability of the Vessels for Permittee's intended use. Any existing damage to the Vessels identified during such inspection and investigation is set forth in Exhibit B attached hereto. Permittee is fully aware of the needs of its operations and has determined, based solely on its own inspection and investigation, that the Vessels are suitable for its operations and intended uses.
3. **As Is; Disclaimer of All Representations and Warranties.** Permittee acknowledges and agrees that the Vessels are being chartered and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, regulations, proclamations, orders or decrees of

any municipal, county, state or federal government or other governmental or regulatory Authority with jurisdiction over the Vessels, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties ("Laws") governing the use, occupancy, management, operation and possession of the Vessels. Without limiting the foregoing, this Permit is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Vessels, or any portion thereof, whether or not of record. Permittee acknowledges and agrees that neither Authority nor any of its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns ("Authority's Agents") have made, and Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Vessels, (ii) the physical, mechanical, operational or environmental condition of the Vessels, (iii) the seaworthiness of the Vessels, (iv) the feasibility, cost or legality of Permittee's use of the Vessels, (v) the safety of the Vessels, whether for the use by Permittee or any other person, including Permittee's Agents or Permittee's clients, customers, vendors, invitees, guests, members, licensees, assignees or permittees ("Permittee's Invitees"), or (vi) any other matter whatsoever relating to the Vessels or their use, including, without limitation, any implied warranties of **MERCHANTABILITY** or **FITNESS FOR A PARTICULAR PURPOSE**.

4. **Use of Vessels.** Permittee shall use the Vessels for the sole purpose set forth in Exhibit C attached hereto.

5. **Restrictions on Use.** Permittee agrees that, by way of example only and without limitation, the following uses of the Vessels by Permittee, or any other person claiming by or through Permittee, are inconsistent with the limited purpose of this Permit and are strictly prohibited as provided below:

(a) **Hazardous Material.** Permittee shall not cause, nor shall Permittee allow any of its Agents or Invitees (as such terms are defined below) to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about the Vessels, or transported to or from the Vessels without the prior written consent of Authority or except as may be expressly set forth in Exhibit C hereto. Permittee shall immediately notify Authority when Permittee learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about the Vessels. Permittee shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Permittee or its Agents or Invitees cause a release of Hazardous Material, Permittee shall, without cost to Authority and in accordance with all laws and regulations, return the Vessels to the condition immediately prior to the release. In connection therewith, Permittee shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "**Hazardous Material**" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental Authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or

contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq., or pursuant to Section 25316 of the California Health & Safety Code; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the Vessels or are naturally occurring substances in the Vessels, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the Vessels.

(b) **Waste or Nuisances.** Permittee shall not conduct any activities on or about the Vessels that constitute waste or nuisance.

(c) **Damage.** Permittee shall not do anything about any Vessel that could cause damage to any Vessel or any other Authority property.

(d) **Advertising or Promotional Activities.** Permittee shall not conduct or allow to be conducted any advertising, marketing or promotional activities on any portion of the Vessels, unless expressly described in Exhibit C hereto or unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion.

6. **Alterations.** Permittee shall not make any modifications, alterations or additions to all or any portion of the Vessels, unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion.

7. **Permit Fees; Liquidated Damages for Failure to Surrender as Required.** Permittee shall pay to Authority a permit fee in the amount of Two Thousand One Hundred Eighty Eight Dollars and Seventy Five Cents (\$2,188.75) per month, per vessel for the term of the permit as set forth in Section 8 below. Permit fees shall be paid to the Authority without prior demand and without any deduction, setoff, or counterclaim whatsoever. Permit Fees shall be payable on or before the first day of each month, in advance, at the Notice Address of the Authority provided in Section 21. Should Permittee fail to surrender any Vessel as required hereunder at the time and date set forth in Section 8 below, then Authority will suffer actual damages that will be impractical or extremely difficult to determine. In such event, Permittee shall pay to Authority upon demand an amount equal to the sum of Fifteen Thousand Dollars (\$15,000.00) per Vessel for each 30-day period after such date and time until the Vessel is surrendered as required hereunder. Authority and Permittee acknowledge and agree that such amount is not a penalty, but is a reasonable estimate of the losses that Authority will incur based on such failure to surrender any Vessel as required hereunder.

(a) **Late Charge.** If Permittee fails to pay any Rent or fees within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by the Authority and Permittee, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that the Authority will incur as a result of

any such failure by Permittee, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate the Authority for its damages resulting from such failure to pay and Permittee shall promptly pay such charge to Authority together with such unpaid amount.

(b) **Default Interest.** Of any Rent or fee is not paid within thirty (30) days following the due date, such unpaid amount shall bear interest from such date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Permittee nor on any amounts on which late charges are paid by Permittee to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Permittee.

8. **Term of Permit.** The privilege conferred to Permittee pursuant to this Permit shall commence on June 1, 2006 and shall automatically expire at 11:59 p.m. on May 31, 2007. Permittee may terminate the Use Permit as to any one or more of the barges at any time prior to the expiration of the term by providing the Authority with 30 days written notice of its intent to so terminate the Use Permit and returning such barges to custody of the Authority prior to the expiration of such 30-day period. Moreover, if custody of the vessels reverts back to the United States Government, or Form 1149 terminates for any reason whatsoever, this Permit shall automatically terminate.

9. **Compliance with Laws.** Permittee shall, at its sole expense, conduct and cause to be conducted all activities on the Vessels in a safe and reasonable manner and in compliance with all applicable laws, regulations, ordinances and orders of any governmental or other regulatory entity whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Permittee shall, at its sole expense, procure and maintain in force at all times during its use of the Vessels any and all business and other licenses, permits or approvals necessary to conduct the activities allowed hereunder. Permittee understands and agrees that Authority is entering into this Permit in its capacity as a property owner with a proprietary interest in the Vessels and not as a regulatory agency with police powers. In addition, Permittee understands and agrees that Authority is not in any way acting on behalf of the City and County of San Francisco (the "City") or the Port of San Francisco (the "Port"). Permittee further understands and agrees that no approval by Authority for purposes of this Permit shall be deemed to constitute approval of any federal, state, city or other local regulatory Authority with jurisdiction (including, without limitation, the City or the Port), and nothing herein shall limit Permittee's obligation to obtain all necessary regulatory approvals at Permittee's sole cost or limit in any way Authority's, the City's or the Port's exercise of their respective police powers. Without limiting the foregoing, before beginning any use of the Vessels, Permittee shall obtain any and all permits, licenses and approvals (collectively, "approvals") of all regulatory agencies and other third parties that are required to commence and complete such use.

10. **Surrender.** Upon the expiration of this Permit, Permittee shall surrender the Vessels in the same condition as received, free from hazards and clear of all debris. Permittee shall not be responsible for ordinary wear and tear resulting from Permittee's reasonable, prudent and careful use of any Vessel in employment for which it is suited by design, age and condition upon delivery. Prior to surrender, Permittee shall remove all of its property from the Vessels permitted hereunder, and shall repair, at its cost, any damage to the Vessels caused by such

removal. Should Authority determine that Permittee has failed to surrender any Vessel in the condition required hereunder, then (without limiting any other rights or remedies available to Authority), Authority shall have the right (but no obligation) to refuse redelivery of the Vessel unless, and until such time as, Permittee shall have fully cured, at its sole cost and expense, such failure to return the Vessel in the condition required hereunder, and, in any event, whether or not Authority has refused redelivery as permitted hereunder, Permittee shall be bound to make payments for the continued use of the Vessel in the manner and amounts set forth in Section 7 until such time as Permittee has fully cured such failure. Permittee's obligations under this Section shall survive any termination of this Permit.

11. Indemnity. Permittee shall indemnify, defend and hold harmless Authority and the City, and their respective officers, agents, employees and contractors, and each of them, from and against any and all demands, claims, legal or administrative proceedings, losses, costs, penalties, fines, liens, judgments, damages and liabilities of any kind ("**Claims**"), arising directly or indirectly, out of or in connection with any Vessel or the use, control, operation or condition of each Vessel, for so long as such Vessel is chartered hereunder or remains within the actual or constructive possession and control of Permittee or Permittee's Agents. Permittee's obligations under this Section shall survive the expiration or other termination of this Permit.

12. Waiver of Claims. Neither Authority nor City, or any of their respective commissions, departments, boards, officers, agents or employees shall be liable for any damage to the property of Permittee, its officers, agents, employees, contractors or subcontractors, or their employees, or for any bodily injury or death to such persons, resulting or arising from the condition of the Vessels or their use by Permittee or Permittee's Agents.

13. No Assignment. This Permit is personal to Permittee and neither this Permit nor any Vessel shall be assigned, conveyed, subchartered or otherwise transferred by Permittee under any circumstances without the prior written approval of the Executive Director of the Authority. Any assignment, conveyance, subcharter or other transfer by Permittee without the prior written approval of the Executive Director of the Authority shall be null and void, and Permittee shall remain responsible for all obligations under this permit.

14. Liens. Authority shall be the sole entity empowered to pledge the credit of any Vessel for any purpose. None of Permittee, Permittee's Agents, the master of any Vessel, any person having or claiming the right to manage, control or possess any Vessel or the master of any towing vessel, shall have the right, power or Authority to contract for, create, incur or suffer to be imposed upon any Vessel any lien or charge of any nature of kind whatsoever. Authority shall have a maritime lien on all cargo, freight, subfreights and upon all equipment, tools, machinery or other property now or hereafter placed or carried upon any Vessel, to secure Permittee's full and strict performance of the terms of this Permit.

15. MacBride Principles - Northern Ireland. Authority and the City urge companies doing business in Northern Ireland to move toward resolving employment inequities and encourage them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, *et seq.* Authority and the City urge San Francisco companies to do business with corporations that abide by the MacBride Principles. Permittee acknowledges that it has read and understands the above statement of Authority and the City concerning doing business in Northern Ireland.

16. **Non-Discrimination.** Permittee shall not, in the operation and use of the Vessels, discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Permittee, in any of Permittee's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Permittee.

17. **Tropical Hardwoods and Virgin Redwood.** Pursuant to S.F. Administrative Code §12L5(b), the Authority and the City and County of San Francisco urge contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

18. **Insurance.**

Permittee shall procure and keep in effect at all times during the term of this permit, at Permittee's sole expense, insurance as follows:

(a) Protection and Indemnity insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence, including coverage for injury or damage to other parties or their property, arising from the operation of any Vessels under this Permit, and including coverage for illness, injury or death of the master or members of the crew, with any deductible not to exceed \$10,000 each occurrence. Such insurance shall include coverage for Jones Act benefits and U.S. Longshore and Harbor Workers' Act benefits.

(b) Hull and Machinery insurance, in an amount not less than the current market value of each Vessel, currently set forth in Exhibit A attached hereto, including AUTHORITY as Named Insured and Loss Payee, as its interests may appear, with any deductible not to exceed Five Thousand Dollars (\$5,000) each occurrence.

(c) Water Pollution Liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence and any deductible not to exceed \$5,000 each occurrence.

All policies required hereunder shall provide for the following: (i) name as additional named insureds Authority and its officers, agents and employees; and (ii) specify that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Permit and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

All policies shall be endorsed to provide thirty (30) days prior written notice of cancellation, non-renewal or reduction in coverage to Authority.

Prior to the commencement date of this Permit, Permittee shall deliver to Authority certificates of insurance in form and with insurers satisfactory to Authority, evidencing the coverages required hereunder. In the event Permittee shall fail to procure such insurance, or to deliver such policies or certificates, Authority may terminate this Permit.

Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

Should any of the required insurance be provided under a claims made form, Permittee shall maintain such coverage continuously throughout the term of this Permit and, without lapse, for a period of one (1) year beyond the Permit expiration, to the effect that, should any occurrences during the Permit term give rise to claims made after expiration of the Permit, such claims shall be covered by such claims-made policies.

Permittee's compliance with the provisions of this Section shall in no way relieve or decrease Permittee's indemnification obligations under this Permit or any of Permittee's other obligations hereunder. Notwithstanding anything to the contrary in this Permit, this Permit shall terminate immediately, without notice to Permittee, upon the lapse of any required insurance coverage. Permittee shall be responsible, at its expense, for separately insuring Permittee's personal property.

19. General Provisions. (a) This Permit may be amended or modified only by a writing signed by Authority and Permittee. (b) No waiver by any party of any of the provisions of this Permit shall be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. (c) This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) The section and other headings of this Permit are for convenience of reference only and shall be disregarded in the interpretation of this Permit. (e) Time is of the essence. (f) This Permit shall be governed by California law. (g) If either party commences an action against the other or a dispute arises under this Permit, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees shall include fees of the City Attorney's Office of the City, based on the fees regularly charged by private attorneys in San Francisco with comparable experience. (h) If Permittee consists of more than one person then the obligations of each person shall be joint and several. (i) Permittee may not record this Permit or any memorandum hereof. (j) Subject to the prohibition against assignments or other transfers by Permittee hereunder, this Permit shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors and assigns. (k) Any sale or conveyance of the property burdened by this Permit by Authority shall automatically revoke this Permit.

20. Security Deposit. *Intentionally omitted.*

21. Notices to the Parties

Unless otherwise indicated elsewhere in this Use Permit, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority and/or City: Treasure Island Development Authority
 Attn: Joanne Sakai
 Treasure Island Building One
 410 Avenue of the Palms
 San Francisco, CA 94130
 Fax: 415/274-0299
 E-mail: Joanne.Sakai@sfgov.org

To Contractor: Richard A. Smith, General Manager
 Cross Link Inc., dba Westar Marine Services
 Pier 50 Shed C
 San Francisco CA 94107
 Fax: 415/495-6814

Any notice of default must be sent by registered mail.

PERMITTEE:

CROSSLINK, INC., a California
corporation, dba Westar Marine Services

By: _____
Name: Richard A. Smith
Its: General Manager

By: _____
Name: Wendy Heffron-Morrow
Its: Vice President
CROSSLINK, INC.
dba Westar Marine Services
Pier 50 Shed C
San Francisco CA 94107
FEIN: 94-2434338

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By _____
Joanne Sakai, Acting Executive Director

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By _____
Deputy City Attorney

EXHIBIT A

DESCRIPTION OF VESSELS

Vessel Number	Estimated Current Market Value
YC - 713	\$40,000.00
YC- 825	\$40,000.00

EXHIBIT B

INITIAL INSPECTION

Only the first page of each inspection reports are reproduced for distribution:

Barge YC-713 Report H903007

Barge YC-825 Report H903006

EXHIBIT C

PERMITTED USE OF VESSELS

Use of Vessels by permittee shall consist of the following:

Use of Two (2) Vessels by Westar Marine Services, San Francisco during the period beginning June 1, 2006 and ending on May 31, 2007, for the sole purpose of construction related activities as needed for the San Francisco/Oakland Bay Bridge Rebuild Project.



FAX COVER SHEET

Date: 23 May 2006

To: Peter Summerville, TIDA

Fax No.: 415-274-0299

From: Rich Smith

Re: Estimated Barge Return Dates

Number of pages including cover sheet: 1

Hi Peter,

As we discussed, following are the estimated return dates for the two barges that Westar Marine Services is bareboat chartering from TIDA.

YC-825: 30 September 2006

YC-713: 31 May 2006

Thank you for your assistance with these barges.

Best regards,

Pier 50, Building C
San Francisco, CA 94107-2198
(415) 495-3191 / Fax 495-0683



VHF Channel 9 - 24 hours
e-mail: westar50c@aol.com
www.westarmarineservices.com



ҚАЗАҚСТАН РЕСПУБЛИКАСЫНЫҢ

БІЛІМ ЖӘНЕ ҒЫЛЫМ МИНИСТРЛІГІ

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы

Астана қаласы



AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (c)

May 31, 2006

Subject: Authorizing the Executive Director to Execute a Sublease for a Term of 12 Months with Two One-Year Extensions Vested in the Board in Its Sole and Absolute Discretion with KMT Management, LLC for the Use of Building 140 (The Nimitz Conference Center) Containing a Total of 24,169 Square Feet (Action Item)

Staff Contact: Marc McDonald, Facilities Manager

Phone: (415) 274-0660

SUMMARY OF PROPOSED ACTION:

Staff is requesting the Authority approve, and authorize the Interim Executive Director to execute a sublease for a term of 12 months with two one-year extensions at the sole and absolute discretion of the Board with KMT Management, LLC for the use of Building 140 (The Nimitz Conference Center) containing a total of 24,169 square feet.

BACKGROUND:

The Nimitz Conference Center, a former conference center for the US Navy, sat unused for five years until Rent Productions was given the building for a term of eight months in exchange for cosmetic and roof repairs. Rent Productions made valuable improvements to the facility, including mold abatement, carpet repair, rodent extermination and restroom repairs. The improvements, while valuable, did not bring the building up to rentable standards. The facility still needs accessibility improvements in accordance with the Americans with Disabilities Act (ADA), a heating system needs to be installed, the fire suppression system needs to be repaired and the building needs additional interior and exterior cosmetic improvements.

KMT Management, LLC (KMT) proposes to make cosmetic and code related improvements to the Nimitz Conference Center to make it suitable for use as a meeting center. Improvements will include ADA upgrades, interior/exterior painting, lighting system upgrades, health and safety improvements and other improvements to bring the facility into code compliance as a meeting facility.

KMT is a conference organizer and conducts training and development conferences. While it conducts conferences in venues throughout the West Coast, it would like to base its operations temporarily on Treasure Island. KMT considers the Nimitz Conference Center an ideal location because it contains office space as well as space for breakout rooms, large assemblies and small meeting spaces.

KMT's plan calls for them to make initial improvements to the western portions of the building, including the entrance, the lobby, the Treasure Room and two restrooms. Upon completion of these improvements in approximately six months, KMT will conduct conferences in those areas, consisting of approximately 4,200 square feet, and begin making improvements to the balance of the building. Upon completion of the balance of the building, which KMT anticipates being the anniversary date of the second lease year, assuming the Board extends the sublease KMT will open the full building for use as a conference facility.

In support of these improvement plans, staff recommends a rental structure that will allow KMT cash flow to pay for improvements. The rental structure would provide KMT free rent for the first six months of the term. Beginning the seventh month, KMT will take occupancy of 4,200 square feet of the building and pay the Authority \$4,200 per month (\$1.00 per square foot (psf) which amounts to rent for the full building at \$0.17 psf per month. If the Board approves the first extension on the anniversary date of the sublease, the rent will be adjusted by the greater of the change in the Consumer Price Index or 3%. KMT will continue to build out the balance of the building over the next twelve months and take occupancy of the full building upon completion of build-out. If the Board approves an extension on the second anniversary date of the sublease, the rent will be adjusted to \$24,169 per month or \$1.00 psf per month for the full building. Subsequently, the rent will be adjusted on the anniversary date by the greater of the change in the Consumer Price Index or 3%.

This will be NNN sublease, meaning all utilities, insurance and other building operating expenses will be the responsibility of KMT.

KMT plans to enter into this agreement fully aware of the risks in this plan, with full knowledge that the sublease may be terminated at any time by the US Navy. KMT understands that transfer of the base from the Navy could lead to termination of the sublease. KMT further recognizes that any extension to the sublease is subject to the sole and exclusive discretion of the Authority and that ultimately development of the island will lead to demolition of the building. In full cognizance of these risks, KMT still wants to enter into the sublease with the Authority for the purpose of basing its development and training business in the Nimitz Conference Center.

RECOMMENDATION:

Staff recommends approval of the sublease with KMT

EXHIBITS:

A. Sublease between TIDA and KMT Management, LLC.

1 [Authorizing a Sublease with KMT Management, L.L.C. for a term of 12 Months with the
2 Authority Reserving the Right to Extend the Term]
3 **Authorize the Interim Executive Director to execute a sublease for a term of 12 months**
4 **with Two one-year extensions vested in the Board in its sole and absolute discretion**
5 **with KMT Management, LLC for the use of Building 140 (The Nimitz Conference Center)**
6 **containing a total of 24,169 square feet.**

7
8 **WHEREAS**, On May 2, 1997, the Board of Supervisors (the "Board") passed
9 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
10 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
11 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
12 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
the public interest, convenience, welfare and common benefit of the inhabitants of the City
and County of San Francisco; and,

14
15 **WHEREAS**, Under the Treasure Island Conversion Act of 1997, which amended
16 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
17 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
18 as a redevelopment agency under California redevelopment law with authority over the Base
19 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
20 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
21 administer the public trust for commerce, navigation and fisheries as to such property; and,

22 **WHEREAS**, The Authority and the United States of America, acting by and through the
23 Department of the Navy entered into Master Lease (Lease No. N6247498RP00Q03), as
24 amended for use of certain property, including Building 140 known as the Nimitz Conference
25 Center on California Avenue on Treasure Island; and,

1 **WHEREAS**, The Master Lease enables the Authority to sublease the leasehold
2 premises for interim use; and,

3 **WHEREAS**, Following negotiations, Authority and KMT Management, LLC agree to the
4 terms of a sublease commencing on June 1, 2006 and terminating on May 31, 2007; and

5 **WHEREAS**, Following negotiations, Authority and KMT Management, LLC agree that
6 the Authority shall have the sole and exclusive right to extend the term of the agreement for
7 two additional terms each of which shall not exceed twelve months; and,

8 **WHEREAS**, Authority and KMT Management agree that the fair monthly rent for the full
9 improved premises described above is Twenty Four Thousand One Hundred and Sixty Nine
10 Dollars (\$24,169.00) NNN per month for the 24,169 square foot building; and,

11 **WHEREAS**, Authority and KMT Management, LLC agree that the premises described
12 above are in need of improvement in order to meet the building code requirements of the City
13 and County of San Francisco; and,

14 **WHEREAS**, Authority and KMT Management, LLC agree that in exchange for the
15 promise of KMT Management, LLC to make such improvements, Authority will agree to a
16 reduced rent schedule; and,

17 **WHEREAS**, Authority and KMT Management, LLC agree to a reduced rent schedule
18 by which the Authority will provide free rent for months one through six, base rent in the
19 amount of \$4,200 from month seven through the second anniversary date of the agreement
20 and base rent in the amount of \$24,169.00 commencing on the second anniversary date of
21 agreement; and,

22 **WHEREAS**, Base rent shall be adjusted on the third anniversary date and each
23 anniversary date thereafter by the greater of the change in the Consumer Price Index or 3%,
24 whichever is greater; and,
25



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

SUBLEASE

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

KMT Management, Limited Liability Corporation

as Subtenant

For the Sublease of

Building 140

**Treasure Island Naval Station
San Francisco, California**

_____, 2006

TREASURE ISLAND SUBLEASE

Table of Contents

<u>Section</u>	<u>Page</u>
1 PREMISES.....	1
2 COMPLIANCE WITH MASTER LEASE.....	3
3 TERM.....	4
4 CONSIDERATION.....	5
5 TAXES, ASSESSMENTS AND OTHER EXPENSES.....	6
6 USE; COVENANTS TO PROTECT PREMISES.....	7
7 ALTERATIONS.....	8
8 REPAIRS AND MAINTENANCE.....	9
9 LIENS.....	10
10 COMPLIANCE WITH LAWS.....	11
11 ENCUMBRANCES.....	12
12 DAMAGE OR DESTRUCTION.....	12
13 ASSIGNMENT AND SUBLETTING.....	13
14 DEFAULT; REMEDIES.....	13
15 RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION.....	14
16 INSURANCE.....	17
17 ACCESS BY SUBTENANT.....	20
18 SURRENDER.....	21
19 HAZARDOUS MATERIALS.....	21
20 GENERAL PROVISIONS.....	23
21 SPECIAL PROVISIONS.....	29

LIST OF EXHIBITS:

- EXHIBIT A – Master Lease
- EXHIBIT B – Diagram of Premises
- EXHIBIT C – Cover Page of Seismic Report
- EXHIBIT D – Rules and Regulations
- EXHIBIT E – Utilities
- EXHIBIT F – TIHDI Work Force Hiring Plan

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated _____, 200_, is by and between the Treasure Island Development Authority, a California public benefit corporation ("Sublandlord"), and KMT Management, LLC, a _____ ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. The Property includes Building 140 as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

C. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises, including the improvements thereon and the non-exclusive right to use the parking area shown on Exhibit B.

1.2. As Is Condition of Premises

(a) Inspection of Premises. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in Section 6

of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

Sublandlord shall provide Subtenant with additional information about the seismic conditions of the Premises as it becomes available. Subtenant retains the right to terminate this Sublease at any time upon written notice to Sublandlord if, on the basis of such additional information, it reasonably deems the Premises to be unsafe for occupancy.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

2.2. Performance of Master Landlord's Obligations. Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

2.3. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.4. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.5. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. **Term of Sublease.** The term of this Sublease shall commence on June 1, 2006 (the "Commencement Date") and continue on a month to month basis expiring on May 31, 2007, (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease.

3.2. **Extension by Mutual Agreement of Parties.** In the event that Subtenant wishes to extend the Term for an additional period of time beyond the Expiration Date, Subtenant shall provide Sublandlord with a written request to extend the Term at least sixty (60) days prior to the Expiration Date. If Subtenant provides such timely written request, Sublandlord agrees to negotiate in good faith with Subtenant to extend the Term of this Sublease, but in no event shall such obligation to negotiate in good faith require an extension that exceeds twelve (12) months. Any extension of the Term shall not be effective unless the extension is approved by Sublandlord's Board of Directors in their sole and absolute discretion. If Sublandlord and its Board of Directors approve any extension of the Term, the Expiration Date will be extended subject to any conditions that Sublandlord and/or its Board of Directors may impose, including without limitation, any increase in the Base Rent or modification of any other provisions in this Sublease. If Sublandlord and Subtenant agree upon any extension of the Term as set forth herein, Subtenant may request two (2) additional extensions of time in accordance with the provisions of this Section 3.2. If any uncured event of default by Subtenant is outstanding hereunder either at the time of Subtenant's written request to extend the Term or at any time prior to the first day of any extended Term approved by Sublandlord's Board of Directors (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Sublandlord may elect by notice to Subtenant to reject Subtenant's written request for extension, whereupon the Sublease shall terminate upon the Expiration Date and Subtenant shall surrender the Premises to Sublandlord in accordance with Section 18.1 of this Sublease.

3.3. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, or (iii) the Commencement Date.

4. RENT

4.1. Base Rent. Beginning on the Commencement Date, Subtenant shall pay to Sublandlord base rent in the amount of Twenty Four Thousand One Hundred and Sixty Nine Dollars (\$24,169.00) per month (the "Base Rent"). Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

4.2. Free Rent. Sublandlord and Subtenant agree that the premises are not suitable for use in their current condition. During the first six months of tenancy, subtenant shall occupy the premises to make initial improvements to the western portions of the building, such portions including the entrance, the lobby, the Treasure Room and two restrooms containing a total of 4,200 square feet. In consideration for making improvements to the premises to make them suitable for use Subtenant shall have no obligation to pay rent throughout the first six months of the Term.

4.3. Reduced Rent. Tenant shall take beneficial occupancy of 4,200 square feet of the premises beginning on the first calendar day of the seventh month of the Term. Therefore, upon expiration of the Free Rent period described in Section 4.2, Free Rent, beginning on the first Calendar Day of the seventh month of the Term, Subtenant shall pay to Sublandlord Base Rent in the amount of \$4,200 per month.

4.4. First Adjustment in Base Rent. If this Sublease has not been terminated, then on the first anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("First Adjustment Date"), the Base Rent shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.5. Second Adjustment in Base Rent. Sublandlord and Subtenant agree that the portion of the premises that are not described in Section 4.3 above, (the "balance of the premises") are not suitable for use in their current condition. During the first twenty four months of tenancy, if this Sublease has not been terminated, subtenant shall occupy the balance of the premises, approximately 19,969 square feet, to make improvements to the building. In consideration for making improvements to the balance of the premises to make them suitable for use Subtenant shall have no obligation to pay rent for the balance of the premises throughout the first twenty four months of the Term. Tenant shall take occupancy of the balance of the premises on the Second Anniversary of the Term, if this Sublease has not been terminated. Therefore, if this Sublease has not been terminated, then on the second anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("Second Adjustment Date"), the Base Rent shall be increased to Twenty Four Thousand One Hundred and Sixty Nine Dollars (\$24,169.00) per month.

4.6. Subsequent Adjustments in Base Rent. If this Sublease has not been terminated, then on each anniversary date of the Second Adjustment Date specified in Section 4.4 of this Sublease ("Subsequent Adjustment Date"), the Base Rent shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.7. Additional Charges. In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes, common area maintenance charges, and other costs, impositions and expenses related to the Premises as provided in Section 5 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any common area maintenance charge (the "Navy CAM Charge") levied by the Master Landlord on the Premises (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.8. Late Charge. If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.9. Default Interest. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of the greater of the interest rate in effect that has been established by the Secretary of Treasury pursuant to Public Law, as described in Section 33 of the Master Lease, or ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) Payment Responsibility. Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon

demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, the Navy CAM Charge, and all property maintenance, including landscaping of parking areas and any other services necessary for Subtenant's use.

5.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. **USE; COVENANTS TO PROTECT PREMISES**

6.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for Office and Assembly Use, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

6.2. **Subtenant's Access to the Premises.** As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

6.3. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

6.4. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-

way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

6.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

7. ALTERATIONS

7.1. Improvements. Subtenant hereby acknowledges that the condition of Building 140 requires improvements including, but not limited to bringing the facility up to ADA standards, installation of electrical and heating systems, installation of a fire suppression system as well as additional interior and exterior cosmetic improvements. Subtenant and Sublandlord agree that Subtenant will perform such improvements and maintenance to the satisfaction of Sublandlord. Subtenant has agreed to perform improvements to the Premises as described above in accord with all rules and regulations of the City and County of San Francisco affecting such construction, including all permitting requirements and in accord with appropriate Building Codes. Subtenant further agrees that all improvements to the building shall be in strict

accordance with all provisions of this Sublease, including without limitation, Sections 7.2, 8.1, 8.2, 8.3, 9, 10.1, 10.2, and 10.3.

7.2. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

7.3. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

7.4. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 7 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

7.5. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

7.6. **Sublandlord's Alterations.** Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

8.3. **Landscaping.** Sublandlord shall maintain to the sole and exclusive satisfaction of Sublandlord the exterior landscaping of the Premises in good condition and repair.

8.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

8.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit F. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.7. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

9. LIENS

9.1. **Liens.** Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. **Compliance with Laws.** Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, and all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for

failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or

other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Ten Thousand Dollars (\$10,000) to repair, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 12.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement

at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

13.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 13.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not

limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the

absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) **In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:**

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that

such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

16. INSURANCE

16.1. Subtenant's Insurance. Without in any way limiting Subtenant's liability pursuant to Section 15 hereof, Subtenant shall procure and maintain throughout the Term of this Sublease the following insurance and pay the cost thereof:

- (a) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, personal injury, products and completed operations. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.
- (b) Workers' compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than One Million Dollars (\$1,000,000) each accident.
- (c) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.
- (d) All risk property insurance insuring the Premises including, without limitation, any improvements, Alterations, furniture, fixtures and equipment located thereon, in an amount not less than full replacement value.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

- (a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.
- (b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.
- (c) All liability insurance policies shall be endorsed to provide the following:
- (i) Cover Subtenant as the insured and Sublandlord and the Master Landlord as additional insureds.
- (ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.
- (iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in Section 20.1.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(a) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such certificates or policies, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any

of Subtenant's other obligations or liabilities under this Sublease.

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

16.7. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Sublandlord and Subtenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Subtenant does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Subtenant shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Sublandlord or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other

damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees. \

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

18.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

18.3. Security Deposit. Subtenant shall provide to Sublandlord upon execution of this Sublease a security deposit in the amount of Twelve Thousand Six Hundred Dollars (\$12,600) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 18.3, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous

Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord:

Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Executive Director
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Donnell Choy
Fax No.: (415) 554-4755

Notice Address of Subtenant:
KMT Management, LLC.
1271 Washington Avenue #259
San Leandro, CA. 94577
Attn: Angie Toussaint
Fax No.: (510) 632-7272

Notice Address of Master Landlord:

DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
1455 FRAZEE ROAD, SUITE 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

T
Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice.

20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker

or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals,

librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

20.22. Production/Film Coordination. No filming on the Premises shall depict the U.S. Military in any manner and no filming will be allowed outside of the improvements on the Premises unless Subtenant obtains prior written approval from Master Landlord. Subtenant further acknowledges and agrees to verify in writing to Master Landlord that any production being filmed at the Premises does not depict the U.S. Military in any manner (or to obtain Master Landlord's consent thereto) and to furnish a copy of the shooting script to the Department of the Navy ("DON"), Navy Office of Information, 11000 Wilshire Blvd., Los Angeles, California 90024. Whether the U.S. Military is being depicted is the only aspect of script content that is appropriate for DON review. The portrayal of any subject material other than the U.S. Military is the sole responsibility of the Subtenant.

20.23. Acknowledgment of Sublandlord in Credits. To the extent that any motion picture ("Picture") is photographed in whole or in part at the Premises, Subtenant agrees to use good faith efforts to acknowledge the cooperation of the City and County of San Francisco and the Treasure Island Development Authority in the credits of the Picture, on all positive prints of the Picture and in the end titles. All other matters with respect to said credit, including, without limitation, the size, style, nature and placement thereof, shall be within the sole discretion of Subtenant. No casual or inadvertent failure of Subtenant to comply with the provisions of this Section nor any failure on the part of third parties so to do shall constitute a breach of this Sublease by Subtenant.

20.24. Rights to Photographs and Sound Recordings. All rights to the photography and sound recordings made by Subtenant in connection with the Premises shall be solely owned by Subtenant in perpetuity in all media known and unknown throughout the Universe and Sublandlord shall have no rights, including, but not limited to, injunctive relief rights, with respect to the use or non-use of any photography and/or sound recordings by Subtenant and/or its affiliates.

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

21.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

21.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state

or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form**. As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference**. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.6. **No Relocation Assistance; Waiver of Claims**. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq.), except as otherwise specifically provided in this Sublease with respect to a condemnation of the Premises.

21.7. **MacBride Principles - Northern Ireland**. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.8. **Tropical Hardwood and Virgin Redwood Ban**. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the

application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

21.9. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.10. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

21.11. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

21.12. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of

Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

Nothing herein shall prevent Subtenant, through Sublandlord, from seeking a determination from the Commission on the Environment that it is exempt from complying with certain portions of the Pesticide Ordinance as provided in Section 307 thereof.

21.13. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

21.14. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

21.15. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

21.16. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

21.17. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

- (f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.
- (g) Subtenant shall keep itself informed of the current requirements of the HCAO.
- (h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- (i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.
- (j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.
- (k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000), but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

21.18. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

21.19. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may

not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

KMT Management, LLC

_____,
a _____

By: _____
Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____
Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

EXHIBIT F

WORKFORCE HIRING AGREEMENT



AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No: 10

Meeting Date: May 31, 2006

Subject: Authorizing The Executive Director To Execute an Amendment to the Contract With Geomatrix Consultants, Inc. To Extend The Term Through June 30, 2007, to Modify the Scope of Services, and Increase the Contract by an Amount Not to Exceed \$180,000 for a New Total Amount Not to Exceed \$1,097,000 for Environmental Consulting Services. (*Action Item*)

Staff Contact: Jack Sylvan, Mayor's Office of Base Reuse and Development

BACKGROUND

Geomatrix Consultants, Inc. (Geomatrix) was initially selected by the Department of Public Works (DPW) through a public Request for Proposals process as part of a pool of "as needed" consultants to provide environmental review and remediation activities. On February 12, 2003, the Authority authorized execution of a contract for a not-to-exceed amount of \$541,000 to provide technical services related to monitoring the Navy's environmental remediation activities at Treasure Island. The contract was first amended in June 2004 to extend the term through August 31, 2004. A second amendment in December 2004 retroactively extended the term through June 30, 2005 and augmented the budget by an additional \$178,000 for a not-to-exceed amount of \$719,000. A third amendment was approved by the TIDA Board in July 2005 that extended the term through June 30, 2006 and increased the budget by \$180,000 for a total not to exceed amount of \$899,000.

At the February 22, 2006 meeting staff requested direction from the TIDA Board regarding the need for the environmental engineering services, currently provided by Geomatrix, in the FY 2006-2007 year. Staff indicated that there were two primary options for contracting for the necessary services: (1) to rely on the prior competitive solicitation in which Geomatrix was selected and amend the existing contract with sufficient funds necessary for FY 2006-2007, understanding that this would require approval of the contract from the Board of Supervisors who are required to approve TIDA contracts of more than \$1,000,000; or (2) initiate a re-bid of the contract process by issuing a Request for Proposals and engaging in a new competitive solicitation process. The TIDA Board directed staff to pursue an amendment to the contract with Geomatrix based on the following factors: the importance of maintaining continuity of oversight of the Navy's environmental program at a time when the Navy has budgeted significant funds in the coming fiscal year; a comfort level with the services being provided by Geomatrix; the potential problems associated with the learning curve that would be inherent with bringing a new engineering team up to speed; and, the understanding that there will be a more logical point at a later stage of the project in which to engage in a subsequent competitive selection process for continued environmental engineering services. Based on that feedback, staff has prepared that contract amendment attached as Exhibit A.

Scope of Services

The scope of work for the Geomatrix contract consists of oversight of the Navy's remediation program, helping in the selection of a guaranteed fixed-price environmental engineering and remediation contractor (resulting in the selection of CH2M Hill) and assisting the Authority in its negotiations with the contractor on a Guaranteed Fixed-Price Contract (GFP Contract). This scope of work is discreet and does not overlap with the scope of work in the contract between TIDA and CH2M Hill negotiating an Early Transfer between the Authority and the Navy. The two primary components of the Geomatrix scope of work are summarized here and are outlined in more detail in Exhibit A.

Task A. TIDA Oversight of Navy Clean-up Program. As part of its transfer responsibilities, and pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Navy has been undertaking an environmental remediation program to meet federal and state requirements for transferring the base to the Authority in an environmental condition to support the Authority's redevelopment plans. The ultimate goal of the Navy's work is to issue a Finding of Suitability to Transfer (FOST) which would state that the property could be transferred and reused for the intended purposes. One of the Authority's primary responsibilities is to closely monitor the Navy's environmental remediation activities to ensure that the Navy achieves the appropriate clean-up levels for planned civilian use. The Geomatrix scope of work regarding this process is as follows:

- Attend and prepare information for monthly technical meetings that are held to review the status of on-going tasks and identify outstanding issues.
- Attend and prepare information for additional technical meetings to address significant issues identified at the monthly meeting.
- Attend and prepare materials for other supplemental meetings associated with risk communication and technical presentations to Authority management, regulators, and tenants.
- Review Navy work plans and reports which document their approach, confirm agreements between interested parties, and comply with regulatory requirements.
- At the Authority's request, oversee the Navy's field work or collect field samples to verify the adequacy of the Navy's work, or to fill a data gap critical to the Authority's needs that is not addressed by the Navy.

Task B. Assistance with Negotiating a GFP Contract as Part of Early Transfer Negotiations. The Authority has been in discussions with the Navy in pursuit of an Early Transfer for former NSTI. The first step in this process was the issuance of a request for qualifications (RFQ) and selection of an environmental engineering and remediation contractor (CH2M Hill) to complete the cleanup under a fixed price contract. Subsequently, Geomatrix's role will be to assist the Authority in its negotiations with the GFP Contractor for the terms of a fixed-price remediation

contract within the larger context of the Early Transfer negotiations between the Authority and the Navy. Geomatrix's scope of work for this task consists of the following:

- Drafting a RFQ for a guaranteed fixed-price environmental engineering and remediation contractor. **COMPLETED**
- Evaluating bids, selecting a GFP Contractor, and negotiating a guaranteed fixed-price remediation contract with the GFP Contractor (CH2M Hill). **CONTRACTOR SELECTION COMPLETED**
- Provide detailed briefings to the GFP Contractor on the history and current status of environmental investigation and remedial activities at the site to allow the GFP Contractor to prepare as expeditiously as possible a proposed cost estimate and scope of work for the Environmental Services Cooperative Agreement (ESCA) with the Navy. **COMPLETED**
- Provide technical support to the Authority throughout the process of negotiating a GFP Contract with CH2M Hill, including peer review of documents and work products prepared by CH2M Hill. Within this context, Geomatrix will provide review of technical documents related to the GFP Contract, including the various legal documents necessary to complete an Early Transfer, to the extent the City determines that it needs such support from an independent consultant to assure that the GFP Contractor is acting in the best interest of the City.
- Assist the Authority in preparing and presenting technical and financial information to the public and City officials to aid in the decision-making process; and attending technical and strategy meetings regarding the above.

PROPOSED CONTRACT AMENDMENT

Scope of Services and Budget. The scope of work will continue to consist of two distinct tasks and this amendment only modifies the scope of work for Task A. The property transfer and environmental remediation negotiations with the Navy have taken longer than initially projected in the Geomatrix scope of work and remain on-going. As a result, the \$548,000 budget for Task A as amended in July 2005 has been expended as of June 2006. The proposed amendment extends the time period under which Geomatrix's services will be performed, thereby increasing the amount of services necessary for Task A activities. Approximately \$15,000 per month (or \$180,000 per year) is necessary for Geomatrix to perform its Task A activities. This \$180,000 is the amount of this contract budget amendment increasing the Task A budget to \$728,000 and the total not-to-exceed amount of the contract to \$1,097,000. The contract will continue to be paid on a time and materials basis.

Term. The term of the amended contract will be extended through June 30, 2007.

Funds. The proposed contract modification augments the budget by \$180,000. These funds are included in the Professional Services Budget line of the TIDA FY 2006-2007 budget approved for forwarding to the Mayor's Office at its May 10, 2006 meeting. The entire amount of the \$180,000 contract budget increase will be reimbursed by the prospective master

developer, Treasure Island Community Development (TICD), under the terms of the Exclusive Negotiating Agreement between TIDA and TICD.

Board of Supervisors Approval. TIDA contracts in excess of \$1,000,000 or 10 years require approval by the San Francisco Board of Supervisors. Consequently, approval of this contract amendment by the TIDA Board will be subject to further approval by the Board of Supervisors.

RECOMMENDATION

Staff recommends approval of the amendment to the contract with Geomatrix based on the following factors:

1. The modification is consistent with the Authority's desire to continue to monitor the Navy's clean-up program to be consistent with civilian reuse of the property.
2. Maintaining continuity of this oversight at a key point in the Navy's clean up process merits amendment of the existing contract.
3. The contract modification does not change the fundamental scope of services outlined in the original contract.
4. The funds to pay for the modified contract budget are available via sources identified above.

EXHIBITS

- A Fourth Amendment to Contract with Geomatrix.

1 **[Authorizing amendment to Contract with Geomatrix Environmental Consultants]**
2 **Authorizing the Executive Director To Execute an Amendment to the Contract With**
3 **Geomatrix Consultants, Inc. To Extend The Term Through June 30, 2007, to Modify the**
4 **Scope of Services, and Increase the Contract by an Amount Not to Exceed \$180,000 for**
5 **a New Total Amount Not to Exceed \$1,097,000 for Environmental Consulting Services.**
6

7 WHEREAS, Former Naval Station Treasure Island is a military base located on
8 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
9 the United States of America ("the Federal Government"); and,

10 WHEREAS, Treasure Island was selected for closure and disposition by the Base.
11 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
12 subsequent amendments; and,

13 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
14 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
15 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
16 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
17 conversion of the Base for the public interest, convenience, welfare and common benefit of
18 the inhabitants of the City and County of San Francisco; and,

19 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
20 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to
21 Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (1) designated the
22 Authority as a redevelopment agency under California redevelopment law with authority over
23 the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those
24 portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority
25 to administer the public trust for commerce, navigation and fisheries as to such property; and,

1 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private
2 ownership, generally requires that Tidelands Trust property be accessible to the public and
3 encourages public-oriented uses of Trust property that, among other things, attract people to
4 the waterfront, promote public recreation, protect habitat and preserve open space; and,

5 WHEREAS, Geomatrix was selected by the City's Department of Public Works as an
6 "as-needed" contractor to provide environmental review and remediation activities based on a
7 public Request for Proposals process; and,

8 WHEREAS, Geomatrix performed services under a contract with DPW for several
9 agencies and locations, including Treasure Island; and,

10 WHEREAS, The Authority amended the Contract from time to time to extend the term
11 and to directly contract Geomatrix; and,

12 WHEREAS, On February 12, 2003, because of Geomatrix's knowledge of the Navy's
13 environmental remediation program at the Base, the Authority authorized the Executive
14 Director to execute a new contract with Geomatrix for an amount not to exceed \$541,000
15 (Five Hundred Forty One Thousand Dollars) to assist the Authority in drafting a Request for
16 Qualification for GFP contractor and in evaluating bids and negotiating a contract with a
17 guaranteed fixed price contractor to participate in the negotiations with the Navy for an
18 Environmental Services Cooperative Agreement in connection with an Early Transfer of the
19 Base and to monitor the Navy's on-going environmental remediation program; and

20 WHEREAS, On June 9, 2004, the Authority extended the term of the Geomatrix
21 contract for an additional two (2) months; and,

22 WHEREAS, on December 8, 2004, the Authority retroactively extended the term of the
23 contract through June 30, 2005 and increased the not-to-exceed amount of the contract to
24 \$719,000;

1 WHEREAS, on July 13, 2005, the Authority retroactively extended the term of the
2 contract through June 30, 2006 and increased the not-to-exceed amount of the contract to
3 \$899,000; and,

4 WHEREAS, The Authority believes that the on-going role of Geomatrix is important and
5 merits amendment of the existing contract in order to (a) maintain the continuity of oversight of
6 the Navy's environmental remediation program at a time when the Navy has budgeted
7 significant funds in the coming fiscal year, (b) avoid the potential challenges associated with
8 the learning curve inherent in selecting and bringing a new engineering contractor up to
9 speed; and (c) to continue to assist in negotiating a guaranteed fixed-price remediation
10 contract with a GFP Contractor and, therefore, wish to amend the contract with Geomatrix to
11 extend the term, increase the not-to-exceed amount, and modify the scope of services of the
12 contract, consistent with the Authority's need for on-going monitoring of the Navy's
13 environmental cleanup program; now therefore be it

14 RESOLVED, That the Authority hereby authorizes the Executive Director to execute
15 the amendment to the contract with Geomatrix Consultants to retroactively extend the term
16 thereof through June 30, 2007 and increase the not-to-exceed amount of the contract to
17 \$1,097,000, all in substantially the form attached hereto as Exhibit A.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed special meeting on May 31, 2006.

Claudine Cheng, President



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

**TREASURE ISLAND DEVELOPMENT AUTHORITY
CITY AND COUNTY OF SAN FRANCISCO**

FOURTH AMENDMENT

THIS FOURTH AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between Geomatrix Consultants, Inc. ("Contractor"), and the Treasure Island Development Authority, a municipal corporation ("Authority"), acting by and through its Executive Director ("Executive Director").

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated April 1, 2003 between Contractor and Authority, as amended by a First Amendment dated July 1, 2004, a Second Amendment dated November 10, 2004, and a Third Amendment dated July 1, 2005.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) **Section 2, Term of the Agreement,** is hereby amended to read as follows:

Subject to Section 1, the term of this Agreement shall be from April 1, 2003 to June 30, 2007.

(b) **Appendix A, Services to be Provided by Contractor,** is hereby amended to read as follows:

**Appendix A
Services to be Provided by Contractor**

1. Description of Services for Environmental Consulting.

The City and County of San Francisco (City) established the Treasure Island Development Authority (Authority) to manage the conversion of former Naval Station Treasure Island from Navy use to civilian use. As part of its transfer responsibilities, and pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Navy has been undertaking an environmental remediation program to meet federal and state

requirements for transferring the base to the Authority in an environmental condition to support the Authority's redevelopment plans. The ultimate goal of the Navy's work is to issue a Finding of Suitability to Transfer (FOST) which would state that the property could be transferred and reused for the intended purposes. One of the Authority's primary responsibilities is to closely monitor the Navy's environmental remediation activities to assess whether the Navy achieves the appropriate clean-up levels for planned civilian use. For the five years, the Authority has retained a consultant, Geomatrix, to provide independent analyses of the thoroughness and defensibility of the environmental work conducted by the Navy, and to assess the compatibility of the Navy's proposed remediation activities with the Authority's redevelopment plans.

Geomatrix was initially selected by the Department of Public Works (DPW) as an "as needed" consultant for environmental review and remediation activities through a public Request for Proposals process and performed services under contract with DPW from November 1998 through June 2001. Since June 2001, Geomatrix has been under a direct contract with the Authority. The firm's knowledge of the Navy's environmental remediation program for TI gained through its work for the Authority for the four years provides Geomatrix with a unique ability to provide the required services without duplicating previous expenditures.

For the environmental remediation program, Treasure Island and Yerba Buena Island were divided into 144 parcels (118 on TI and 26 on YBI) which were then classified by environmental condition to enable the Navy and the Authority to identify properties that are suitable for transfer. A Restoration Advisory Board (RAB) was established to provide public review, input and comment on all aspects of the environmental remediation program.

In early 2003, the Authority formally requested that the Navy commence negotiating an "Early Transfer" to the Authority pursuant to CERCLA. An Early Transfer would involve a "fence-to-fence" transfer of the entire base pursuant to (i) a FOST for all "clean" property and (ii) a Finding of Suitability for Early Transfer (FOSET) for all remaining property. Under CERCLA, a FOSET involves different documentation than a FOST. Other transfer documents will need to be drafted and negotiated. For example, the Authority will need to negotiate a mutually acceptable Environmental Services Cooperative Agreement (ESCA) with the Navy to provide for completion of environmental remediation.

Once the property is transferred, the Authority will conduct the cleanup. The Authority will issue a request for qualifications (RFQ) for a remediation contractor to complete the cleanup under a fixed price contract. In order to negotiate and enter a fixed price contract, the selected contractor will be a participant in the negotiations with the Navy and regulators.

The City requires environmental consulting services to assist in drafting the RFQ for the remediation contractor, evaluate the bids and negotiate a fixed-price remediation contract with the selected contractor (resulting in the selection of CH2M Hill). The environmental consultant will not be eligible to bid as the remediation contractor. Once the remediation contractor is selected, the scope of services of the environmental consultant will substantially decrease, but the consultant would continue to support the City in negotiations with the Navy and regulators and on technical issues.

The early transfer process was expected to take up to 13 months to complete. Over the course of the negotiations during the past year and half, the Navy has changed its approach to considering an Early Transfer at NSTI. Consequently, the schedule for the work and the negotiations has been significantly extended, requiring additional work to what was originally anticipated. This additional work pertains to both:

- CH2M Hill's work assisting the Authority in negotiating an Early Transfer with the Navy, and
- Geomatrix's work assisting the Authority in negotiating a fixed-price remediation contract with CH2M Hill as part of the overall Early Transfer negotiations.

In the interim, the Navy has and will continue its current remediation program, and the Authority will continue to require the existing scope of services by the consultant to a limited extent.

The scope of work for consulting services to oversee the ongoing Navy remediation and for assistance with early transfer, including retaining a remediation contractor is described below. The proposed contract will fund Geomatrix's work through June 2007.

A. Description of Services for Oversight of Navy Remediation.

Monthly technical meetings are held to review the status of on-going tasks and identify outstanding issues. The Navy and its consultants, the Authority and its consultants, regulators, and RAB members participate in these meetings. Additional meetings are scheduled to address significant issues identified at the monthly meeting. These technical working meetings clarify details of a specific field program or technical evaluation approach. Other supplemental meetings may be associated with assisting the Authority with risk communication, including technical presentations to Authority management, regulators, and tenants. In addition, the Navy prepares work plans and reports to document its approach, confirm agreements between interested parties, and comply with regulatory requirements, which also are reviewed by the Authority's consultant. Finally, the Authority occasionally may request that its consultant observe the Navy's field work or collect field samples to verify the adequacy of the Navy's work, or to fill a data gap critical to the Authority's needs that is not addressed by the Navy.

The process for completing environmental investigations at NSTI is fairly well defined; however, regulators commonly identify the need for previously unplanned activities (additional investigations, reports and meetings) as new field data are collected and analyzed. Additional work plans and reports are then prepared that, in turn, require additional review and additional meetings to address technical issues.

Scope of Work for Task A

- Task A.1: Regularly scheduled BRAC Closure Team meetings (preparation, meeting attendance, documentation of meeting). Estimate = 45 meetings in San Francisco and 6 meetings in San Diego.
- Task A.2: Supplemental technical meetings including conference calls (preparation, meeting attendance, documentation of meeting). Estimate = 50 meetings and 22 conference calls.
- Task A.3: Review of technical documents including reports and work plans Estimate 125 documents.
- Task A.4: Interim data review and preparation of written summary. Estimate = 26 data sets.
- Task A.5: Oversight of fieldwork including collections of split samples to assess data quality. Estimate = 3 assessments of fieldwork.
- Task A.6: Additional consultation (at request of Authority) and contingency. The Authority must preauthorize activities under this Task in writing.

B. Description of Services for Assistance with Early Transfer.

Early transfer will require an additional and separate scope of work. The primary tasks for the environmental consultant include assisting the Authority with the following: drafting a request for qualifications for a guaranteed fixed-price environmental engineering and remediation contractor (GFP Contractor); evaluating bids, selecting a GFP Contractor, and negotiating a guaranteed fixed-price remediation contract with the GFP Contractor. The environmental consultant will provide detailed briefings to the GFP Contractor on the history and current status of environmental investigation and remedial activities at the site to allow the GFP Contractor to prepare as expeditiously as possible a proposed cost estimate and scope of work for the Environmental Services Cooperative Agreement (ESCA) with the Navy. The consultant will also provide technical support to the City throughout the process of negotiating a Guaranteed Fixed-Price Contract (GFP Contract), including the various legal documents necessary to complete an early transfer to the extent the City determines that it needs such support from an independent consultant to assure that the GFP Contractor is acting in the best interest of the City. Such assistance could include assisting the City in strategically evaluating remediation, transfer and insurance issues in an early transfer context; and in reviewing the Environmental Impact Report, FOST, FOSET, Covenant Deferral Request, ESCA, Consent Agreement, environmental insurance policies, and associated documents in relation to the GFP Contract. Such assistance will not include duplication of any services being provided by the GFP Contractor (CH2M Hill) as part of its assistance to the Authority with negotiating an Early Transfer. The consultant will assist the City in preparing and presenting technical and financial information to the public and City officials to aid in the decision-making process; and attending technical and strategy meetings regarding the above. Geomatrix will not be eligible to bid on the guaranteed fixed-price environmental engineering and remediation contract.

Scope of Work For Task B

- Task B.1: Technical support in preparation for and at meetings and negotiations with GFP Contractor, Navy and regulators to discuss early transfer issues as related to the GFP Contract (preparation, meeting attendance, documentation of meeting). Estimate = 27 meetings and 26 conference calls
- Task B.2: Technical support in drafting a request for qualifications for a remediation contractor, evaluating bids and selecting a contractor. Estimate approximately 200 hours.
- Task B.3: Supplemental technical meetings including conference calls (preparation, meeting attendance, documentation of meetings related to negotiating a fixed price remediation contract, including cost cap insurance with the selected contractor). Estimate = 20 meetings and 20 conference calls
- Task B.4: Review of technical documents related to the GFP Contract, including an ESCA, FOST, FOSET, and cost cap and pollution legal liability insurance policies. Estimate 16 documents.
- Task B.5: Preparing and presenting technical and financial information to the public and City officials to aid in the decision-making process. Estimate = 5 meetings.
- Task B.6: Additional consultation (at request of Authority) and contingency. The Authority must preauthorize activities under this Task in writing.

(c) Appendix B, Calculation of Charges, is hereby amended to read as follows:

Appendix B Calculation of Charges

The total amount of this contract shall not exceed \$1,079,000

Scope of Work For Task A

- Task A.1: Regularly scheduled BRAC Closure Team meetings (preparation, meeting attendance, documentation of meeting). Estimate = 45 meetings in San Francisco and 6 meetings held in San Diego).
Budget: \$92,250 (Assumes average cost is \$1650 per meeting in San Francisco, \$3000 per meeting in San Diego).
- Task A.2: Supplemental technical meetings (preparation, meeting attendance, documentation of meeting). Estimate = 50 meetings and 22 conference calls.
Budget: \$107,700 (Assumes average of \$2000 per meeting and \$350 per conference call)
- Task A.3: Review of technical documents including reports and work plans Estimate 125 documents.
Budget: \$400,000 (Assumes average of \$3200 per document)
- Task A.4: Interim data review and preparation of written summary. Estimate = 26 data sets.
Budget: \$52,000 (Assumes average of \$2000 per data set)
- Task A.5: Oversight of fieldwork including collections of split samples to assess data quality. Estimate = 3 assessments of fieldwork.
Budget: \$15,000 (Assumes average of \$5000 per assessment).

Task A.6: Additional consultation (at request of Authority) and contingency. The Authority must preauthorize activities under this Task in writing.

Budget: \$61,950 (Assumes approximately 10% of Tasks One through Five)

TOTAL BUDGET FOR TASK A: \$728,900

Scope of Work For Task B

Task B.1: Technical support in preparation for and at meetings and negotiations with GFP Contractor, Navy and regulators to discuss early transfer issues as related to the GFP Contract (preparation, meeting attendance, documentation of meeting). Estimate = 27 meetings and 26 conference calls

Budget: \$63,100 (Assumes 27 meetings at an average cost of \$2000 per meeting. Assumes 26 conference calls at \$350 per call).

Task B.2: Technical support in drafting a request for qualifications for a remediation contractor, evaluating bids and selecting a contractor. Estimate approximately 200 hours.

Budget: \$40,000 (Assumes \$20,000 to support drafting RFQ and \$20,000 for evaluation of bids and selecting a contractor).

Task B.3: Supplemental technical meetings including conference calls (preparation, meeting attendance, documentation of meetings related to negotiating a fixed price remediation contract, including cost cap insurance with the selected contractor). Estimate = 16 meetings and 16 conference calls

Budget: \$87,000 (Assumes 20 meetings with an average cost of \$4000 per meeting. We anticipate that the level of effort to prepare for these meetings will be significantly greater than for meetings under Task One. Assumes 20 conference calls at \$350 per call).

Task B.4: Review of technical documents related to the GFP Contract including an ESCA, FOST, FOSET, and cost cap and pollution legal liability insurance policies. Estimate 16 documents.

Budget: \$80,000 (Assumes average cost is \$5000 per document).

Task B.5: Preparing and presenting technical and financial information to the public and City officials to aid in the decision-making process. Estimate = 5 meetings.

Budget: \$50,000 (Assumes average cost is \$10,000 per meeting. We anticipate that a significant level of effort will be required to prepare presentations and materials for these meetings).

Task B.6: Additional consultation (at request of Authority) and contingency. The Authority must preauthorize activities under this Task in writing.

Budget: \$30,000 (Approximately 9% of Tasks One through Five).

TOTAL BUDGET FOR TASK B: \$350,100

(d) Section 5, Compensation, is hereby amended to read as follows:

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed **one million and seventy-nine thousand dollars (\$1,079,000)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by [insert name of department] as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of HRC Form 7, "Prime Consultant/Joint Venture Partner(s) and Sub-consultant Participation Report." If HRC Form 7 is not submitted with Contractor's invoice, the Controller will notify the department, the Director of HRC and Contractor of the omission. If Contractor's failure to provide HRC Form 7 is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Form 7 is provided.

Following Authority's payment of an invoice, Contractor has ten days to file an affidavit using HRC Form 9, "Sub-Consultant Payment Affidavit," verifying that all subcontractors have been paid and specifying the amount.

PERSONNEL (pursuant January 27, 2006 Schedule of Charges)

Personnel charges are for technical work, including technical typing, editing, and graphics involved in the preparation of reports and correspondence and for the time associated with production of such documents. Direct charges are not made for secretarial service, office management, accounting, and maintenance, because these items are included in overhead. Personnel category charge rates for Geomatrix Consultants, Inc. are listed below. Regional and other factors may influence rates charged for certain individuals. Rates for individuals will be provided on request.

Personnel Category	CURRENT HOURLY RATE
Principal Engineer/Scientist	\$225 - 350
Senior Decision Analyst	200 - 250
Senior Engineer/Scientist II	175 - 200
Senior Engineer/Scientist I	165
GIS Programmer/Web	130
Designer II	
Project Engineer/Scientist II	125
Project Engineer/Scientist I	115
Staff Engineer/Scientist II	105
Field Engineer	110
Staff Engineer/Scientist I	95
Senior Technician	82
Field Technician	77
CAD/Graphic Designer	85
Project Assistant	68
Technical Editor	85
Support Staff	60

Specific hourly rates for the primary individuals working on the project are as follows:

Gary Foote	\$250
Jim McClure	\$200

Hourly rates for other Geomatrix experts who may work on the project from time-to-time are as follows:

Frank Szerdy (Engineer)	\$250
Jim Embree (Toxicologist)	325
Tom Delfino (Statistics and Decision Analysis)	250
Lester Feldman (Regulatory Affairs)	300

Time spent in travel in the interest of the client will be charged at hourly rates, except that no more than 8 hours of travel time will be charged in any day. When it is necessary for an employee to be away from the office overnight, actual costs, or a negotiated rate, will be charged for living expenses.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Joanne Sakai, Deputy Executive Director,
San Francisco Redevelopment Agency
On behalf of Treasure Island Development
Authority

Approved as to form

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

James C. Price, Vice President/CFO
Geomatrix Consultants, Inc.
2101 Webster Street 12th Floor
Oakland, CA 94612
(510)663-4100
FEIN: 94-2934407
Vendor No: 08211

1 [Establishing an Ad Hoc Nominating Committee.]
2

3 **Resolution establishing an ad hoc nominating committee, consisting of three members**
4 **of the Treasure Island Development Authority ("TIDA") Board of Directors appointed by**
5 **the President, to nominate members of the TIDA Board to serve as officers of the TIDA**
6 **Board in accordance with the TIDA Bylaws.**
7

8 WHEREAS, Under the TIDA Bylaws, officers of the Board of Directors (the "Board") are
9 to be chosen annually; and

10 WHEREAS, The TIDA Bylaws allows the Board to create one or more committees
11 consisting of two or more Directors to serve at the pleasure of the Board; and,

12 WHEREAS, The Board wishes to establish an ad hoc nominating committee to
13 recommend for the Board's approval Directors to serve as officers of the Board for the next
14 year; and,

15 WHEREAS, The Board wishes such ad hoc nominating committee to be comprised of
16 three Directors appointed by the President of the Board; now, therefore, be it

17 RESOLVED, That the Board hereby establishes an ad hoc nominating committee to be
18 comprised of three Directors appointed by the President of the Board; and, be it

19 FURTHER RESOLVED, That such nominating committee shall nominate Directors as
20 candidates for the Board's consideration and election at the Board's regular meeting on June
21 14, 2006, to serve as President, Vice President, Secretary, and Chief Financial Officer of the
22 Board for the twelve (12) month period beginning July 1, 2006 and ending on June 30, 2007;
23 and, be it
24
25

1 FURTHER RESOLVED, That the Board hereby urges any Directors who are interested
2 in serving as an officer of the Board to submit their names to the Executive Director for
3 forwarding to the nominating committee for consideration; and, be it

4 FURTHER RESOLVED, That the Board recommends and urges the Executive Director
5 to work with the members of the ad hoc nominating committee to establish a meeting date,
6 time, and place in accordance with the San Francisco Sunshine Ordinance and the Ralph M.
7 Brown Act at which meeting the ad hoc nominating committee will determine by unanimous
8 vote of the members of the ad hoc nominating committee which Directors to nominate as
9 officers of the Board as described hereinabove; and be it

10 FURTHER RESOLVED, That upon the Board's election of officers in accordance with
11 the TIDA Bylaws, the ad hoc nominating committee shall cease to exist.

12
13 **CERTIFICATE OF SECRETARY**

14 I hereby certify that I am the duly elected President of the Treasure Island
15 Development Authority, a California nonprofit public benefit corporation, and that the
16 above Resolution was duly adopted and approved by the Board of Directors of the
17 Authority at a properly noticed special meeting on May 31, 2006.

18
19
20 _____
21 Claudine Cheng, President
22
23
24
25









TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

DRAFT Minutes of Special Meeting
Treasure Island Development Authority
May 31, 2006

City Hall, Room 400

1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

JUL 21 2006

SAN FRANCISCO
PUBLIC LIBRARY

1. **Call to Order:** 1:35 PM

Roll Call **Present:** Claudine Cheng (Chair)
Jesse Blout
Jared Blumenfeld (2:02 PM)
John Elberling
Marcia Rosen

Excused: Matthew Franklin
Supervisor Chris Daly

2. Report by Deputy Executive Director of the San Francisco Redevelopment Agency
Ms. Joanne Sakai, San Francisco Redevelopment Agency Deputy Executive Director, stated there will be closures on the Bay Bridge over several weekends in June. CalTrans has worked to notify everyone and is working to reduce impact to Island residents. The SFPD has submitted a monthly report on incidents on Treasure Island. A Habitat Restoration work party for Department of the Environment staff will be taking place in the next week, Nature in the City is providing guidance on this work.

3. Report by the Mayor's Office of Base Reuse and Development

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated there was a hearing last Wednesday at the Board of Supervisors Land Use Committee on the revised transportation plan. There was a thorough discussion and a presentation from TICD and Jack Sylvan of the Mayor's Office as well. SB 1841 regarding the Island on and off ramps passed out of the State Senate and will next be heard in the State Assembly. Mr. Cohen distributed several recent articles written about Treasure Island. Stated that the article in SF Weekly contained many fundamental inaccuracies and staff is working on a response to these issues.

4. Communications

There was no discussion by the Board of the Communications

5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board

There was no report by the CAB at this meeting

6. Ongoing Business by Directors

There was no on-going business discussed by the Board

7. General Public Comment

Mr. Dan Lenenger, Treasure Island Sailing Center, thanked the Board for renewing their lease for another year. Gave an overview of the upcoming events at the TISC for the coming summer. Invited the Board to attend the TISC Summer Sailstice event on June 17th.

Ms. Meg Gale, San Francisco Public Utilities Commission, spoke regarding the fluorescent bulb pick-up program, happening on Treasure Island twice over the summer. Fluorescent bulbs contain mercury which can be harmful to marine life. Residents and organizations are encouraged to turn-in their used bulbs for proper disposal on one of these two days. The two drop-off days are June 10th and September 16th, 2006.

Ms. Ruth Gravanis stated she is working on an ecological restoration project on Yerba Buena Island. Thanked Marc McDonald for his assistance on this project. Stated the Board will be notified of time and location should they wish to participate.

8. Consent Agenda

Director Cheng stated that staff has requested to pull Item 8 (c) from the agenda.

There was no public comment on the remainder of the Consent Agenda

Director Rosen motioned for approval of the remainder of the Consent Agenda

Director Blout seconded the motion

The Consent Agenda was approved unanimously

Director Blumenfeld joined the Board at 2:02 PM

9. Update on Environmental Clean-Up Activities by the United States Navy

Mr. Jack Sylvan, Mayor's Office of Base Reuse, presented an update from Geomatrix on the US Navy's remediation program. Stated that the Navy has recently issued Finding of Suitability to Transfer documents for a much of Treasure and Yerba Buena Island. Introduced Gary Foote from Geomatrix.

Mr. Gary Foote, Geomatrix, presented a report on the environmental remediation work performed to date. Discussed the Navy's process for including stakeholders on the Island in the remediation process. There is a monthly Base Closure Team which includes representatives from the Navy as well as regulators who provide oversight. Other stakeholders are allowed to attend this meeting and provide input and hear updates. Every two months there is a Restoration

Advisory Board meeting which includes the Base Closure Team as well as representatives from the community, including Island residents. TIDA is not a part of the BCT, but they and Geomatrix attend the BCT meetings. Geomatrix does not have any regulatory oversight; this is strictly with the regulatory agencies. Spoke regarding the history of the Navy's remediation activities on Treasure Island. Treasure Island was used primarily for processing Naval personnel and then as a training facility. The issues on the Island are not unlike what you would find in any type of city. Environmental assessments on the Island begun in 1988, the base was selected for closure in 1993, and the base was closed in 1997, at which time TIDA begun interim use of portions of the Island. Spoke about three of the Navy's environmental programs on-going on the Islands. One is the petroleum program addressing sites impacted by petroleum hydro-carbon constituents. The second program is the CERCLA Program, led by the California State Department of Toxic Substance control, which addresses sites where there are non-petroleum constituents present. The CERCLA program is not as far along as the petroleum program as it is a very prescribed process and takes longer. There are 19 CERCLA sites on Treasure Island. To date 4 of these sites have received regulatory closure. The remaining sites are still in the CERCLA process. Discussed the remediation efforts undertaken at several sites, including Site 12. The third process discussed was the FOSL, or Finding to Suitability to Lease, process. This process allows for interim use of a property prior to completing a CERCLA process.

Director Blumenfeld asked if there were other analogous processes to the FOSL to benchmarking standards for suitability for occupation of land, especially housing. Mr. Foote stated the FOSL process is a Navy process, stated he is not aware of anything analogous. TIDA was given the opportunity to comment on the document, but it is a Navy document and they make the determination.

Mr. Foote stated that the total number of samples collected in Site 12 is approximately 5,000. Stated that fencing is around Site 12 to limit potential access to these areas. Reviewed the history of Navy remediation and soil removal in areas adjacent to Site 12 to date. Stated there is still affected soil in Site 12, however the vast majority of the site is debris-free. The Navy has done an extensive trenching program in this area as well. As a precaution residents are not allowed to dig in their backyard.

Director Rosen asked why site closure is not taking place until 2010 if the removal is scheduled to be finished in 2007.

Mr. Foote stated that CERCLA allows action prior to the closure being done. The remainder of the time is based on completion of the review and paperwork. Stated that the Navy has historically issued a number of fact sheets about Site 12 to the residents and held informational sessions for the residents about Site 12. The Navy will be holding upcoming information sessions about the planned activities for Site 12 for the benefits of the residents.

Director Rosen asked how the residents were being notified about these meetings. Mr. Foote stated the Navy plans to send out postcards.

Director Blumenfeld asked if there were other monitors or indicators of community health that could be enacted, such as air quality monitoring.

Mr. Foote stated that indoor air concerns are associated with volatile constituents, and Site 12 does not possess volatile constituents in any occupied areas.

Director Blout asked if there are volatile organics in any of the areas

Mr. Foote stated these had been located in Solid Waste Disposal Area A. There was one unoccupied building in this area with levels of PCBs

Director Blumenfeld asked how the materials planned for removal during upcoming remediation would not become airborne.

Mr. Foote stated the Navy implements air monitoring during any sort of removal process to ensure dust control.

Director Blumenfeld asked if this information was available to the public in a certain format.

Mr. Foote stated he has generally seen this information provided in technical reports. There is a public repository for this information.

Director Blumenfeld commented that this information is significantly more useful if it is accessible to the general public than simply contained in a report.

Mr. Foote discussed the Navy's radiological program. In February 2006 the Navy issued its Historical Radiological Assessment Report, which is a review of the potential for radiological releases at Treasure Island. A radiation expert was subcontracted on behalf of the Authority to review the findings. The assessment identified three buildings where additional follow-up screening was recommended. Screening of the Solid Waste Disposal Area was recommended as well. All other potential sites evaluated were considered to have no reasonable potential for residual radioactive contamination. The Navy recommended follow-up at Building 233, 343 and 344. In 1950 there was a radium spill in Building 233, with a Navy clean-up following along with a follow-up survey clearing the building in 1950. The HRA recommended a further surveying, and this surveying is in progress right now.

Director Blout asked for clarification for the public what radium is and what it means as a risk to human health and the environment. Stated this could be done at the end of the presentation.

Mr. Foote stated the Navy recommended a final status survey for Buildings 343 and 344 based on previous documented leaks from equipment stored in those buildings. The Navy conducted radiation monitoring on Site 12 in 2003 when they excavated trenches throughout the site except for the fenced areas. Naturally occurring radiation was found. The HRA recommended the Navy perform radiation monitoring during the removal actions happening next year. Stated the final Navy environmental document to be finalized prior to transfer is a FOST, Finding of Suitability to Transfer. Parcels can be transferred where petroleum impacts have been identified. This document does not require concurrence from any agencies, though comment is allowed. The Navy has already identified parcels on Treasure and Yerba Buena Island and issued FOSTs for them.

Director Blout asked if Geomatrix had reviewed the FOSTs issued to date.

Mr. Foote stated they had and were satisfied.

Mr. Tom Widner of ChemRisk, stated he is a subcontractor for Geomatrix. Stated radium is a naturally occurring radioactive material. When uranium and thorium, which naturally occur in

soil, decay then radium is formed. Some industrial processes concentrate radium, used for luminous dials and markers on boats. At Treasure Island it was a useful calibration source for instruments used at the Treasure Island training school.

Director Blout asked what kind of risk it would pose if not remediated.

Mr. Widner stated the dose is the key, in small doses it is not that harmful. What was spilled in Building 233 was a small level. Stated he is confident that the clean-up done at the time was sufficient to remediate the levels of radium spilled. The Navy at that time was the world expert on the clean-up of radioactive material.

Director Blout asked what the risk to human health was

Mr. Widner stated that it was a very small amount spilled to begin with. Risk to humans is based on ingestion of radium; it is highly unlikely that there would be any issue with that on these sites. Director Blout asked about references in the HRA to radiological training done at the base.

Mr. Widner stated a lot was learned after the Crossroads Tests and knowledge was gained about decontamination and measuring contamination. Stated the Navy was sharing that knowledge with their own people as to how to detect and decontaminate these substances.

Director Blout asked if they were using radiological constituents in these tests.

Mr. Widner stated they were using sealed-sources as well as radio-nuclides with short half-lives of about a day. Once seven half lives pass the substance is considered gone. There were longer lived radio-nuclides sealed in steel capsules as part of a simulated source. Stated to his knowledge only these sealed-sources and short life nuclides were the only one used.

Director Blumenfeld asked if there was a list that married the map of locations and the type of radiological samples found.

Mr. Widner stated he is not sure, but all of these short-lived substances would have decayed away decades ago.

Director Blumenfeld asked if tools have been used to prove these materials no longer exist.

Mr. Foote stated the trenching program at Site 12 overlapped with a site referred to by Mr. Widner as a potential location of this training and no radiological findings occurred. Stated that Building 233 was identified as the most possible location of any remaining contamination, and it is being re-tested to assure there is no contamination left.

Director Cheng stated she supported Director Blumenfeld's suggestion to compile a map listing the location of contaminants around the Island.

Mr. Sylvan stated staff would be happy to put this together. Stated the TIDA website also has a link to the Navy website where all this information is provided.

Director Cheng asked if there were any mechanisms that staff or the Navy had implemented to ensure people were not getting into the fencing around the areas where remediation is still going on.

Mr. Marc McDonald, TIDA Facilities Director, stated there is fencing up and signs warning people to keep out of the fenced areas. Buildings are boarded up. There are people on the Island who will jump over the fences and rip off the boards to get into the buildings. Staff asks the community to inform them when buildings or fences are breached.

Mr. Doug Gilkey, US Navy Base Closure Manager, stated the constituents on the base are fairly long-term exposure risk contaminants. Stated he thinks the Navy and TIDA do the best they can

to secure the area. There are people who are going to jump the fence or break into buildings. The Navy is funding clean-up of these areas in the upcoming year. Patrol of the area is shared between TIDA and the Navy.

Director Blout asked about Mr. Gilkey's comment on immediate risk versus long-term risk. Asked if he would confirm the assessment that even if someone was trespassing on the property they would have to be a long-term occupant for it to pose any sort of risk. Mr. Foote stated it would have to be a frequent and long-term exposure to the dirt through ingestion to pose a health risk.

Director Blumenfeld stated it sounds like the risk is relatively low in regards to exposure. Stated this sounds like a communication issue through clear communication of exposure and what it would take to pose a health risk.

Mr. Foote stated he agrees with this assessment.

Mr. Gilkey stated the Navy attempts to have an aggressive process to get the residents and community involved. Stated for the Historical Radiological Assessment there was a meeting held on Treasure Island of which the residents were notified there would be information provided about the program, risks and process and nobody from the public showed up.

Ms. Ruth Gravanis stated she hoped there will be future presentations on this subject, as this one was very helpful. Asked for a future update and discussion on groundwater in the context of remediation and clean-up, as well as discussion of soil depth when discussing clean-up

10. Amendment to Contract with Geomatrix Consultants Inc.

Mr. Jack Sylvan, Mayor's Office of Base Reuse, presented an amendment to the contract with Geomatrix Consultants. Stated the prior presentation is a good indication of the scope of services provided to TIDA by Geomatrix. This contract initiated in 2003, when transfer was expected to happen earlier than has occurred. At February 22 TIDA meeting, staff asked TIDA for direction on whether to re-bid contract or amend contract with Geomatrix and received direction to continue with Geomatrix based on timing of environmental program and transfer negotiations with Navy. This contract is being amended to extend the term and amend the contract amount; the scope of services remains the same. Stated that this contract amendment will bring the contract amount above \$1 million dollars. Based on TIDA Purchasing Policy this contract will require TIDA Board and Board of Supervisors approval.

Director Rosen asked if this amount is projected and included in the 2006-2007 budget.

Mr. Sylvan stated they were projected; these funds are reimbursed under the agreement with the developer.

There was no public comment on this item

Director Rosen motioned for approval of the item

Director Elberling seconded the motion

The item was approved unanimously

11. Resolution Establishing an Ad-Hoc Nominating Committee to Nominate Officers for the Board of Directors

Director Cheng appointed Directors Elberling, Blout and Blumenfeld to sit on the ad-hoc nominating committee. Requested the Board Secretary work with the members of the committee to establish a time and location for the committee meeting.

Public Comment

Mr. David Pilpel stated that this meeting must be noticed 15 days prior, so the Board may not be able to hold this meeting prior to its regular June meeting. Also asked if it was necessary for the resolution for this item to dictate the unanimous nomination of candidates by the committee.

Director Cheng requested revision of the resolution to delete the language regarding unanimous selection of recommended officers in the second resolved clause.

Director Rosen requested revision of the resolution to reflect the committee meeting at a subsequent meeting, not necessarily the next calendared meeting.

Director Rosen motioned for approval of the item and of the Presidents appointments
Director Blumenfeld seconded the motion
The item was approved unanimously

12. Possible Closed Session for Conference with Legal Counsel

Public Comment

Mr. David Pilpel stated that negotiations between the Navy and TICA are perhaps separate and should be calendared as separate matters. Also stated the TICA minutes should reference attendees in the closed session in the future.

Director Blumenfeld motioned to move to closed session on this item
Director Blout seconded the motion
The Board voted unanimously to move to closed session for Item 12

13. Possible Closed Session for Conference with Real Property Negotiators

There was no public comment on the closed session item

Director Blumenfeld motioned to move to closed session on this item
Director Blout seconded the motion
The Board voted unanimously to move to closed session for Item 13

The TICA Board went to closed session for Item 12 at 3:25 PM

Persons Present for Closed Session Item 12:

Michael Cohen, Jack Sylvan – Mayor's Office of Base Reuse
Joanne Sakai – San Francisco Redevelopment Agency

Donnell Choy, Eileen Malley – Office of the City Attorney

The TIDA Board went to closed session for Item 13 at 4:38 PM

Persons Present for Closed Session Item 13:

Marc McDonald – TIDA

Joanne Sakai – San Francisco Redevelopment Agency

Donnell Choy, Eileen Malley – Office of the City Attorney

The TIDA Board reconvened in open session at 4:46 PM

Director Rosen motioned not to disclose the closed session discussion for Item 12

Director Blumenfeld seconded the motion

The motion not to disclose discussion for Item 12 was approved unanimously

Director Blumenfeld motioned not to disclose the closed session discussion for Item 13

Director Rosen seconded the motion

The motion not to disclose discussion for Item 13 was approved unanimously

14. Discussion of Future Agenda Items by Directors

There were no items discussed

15. Director Blumenfeld motioned for adjournment

The meeting was adjourned at 4:48 PM



TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

**TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA**
June 14, 2006 1:30 P.M.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

Gavin Newsom, Mayor

DIRECTORS

Claudine Cheng, Chair
Jesse Blout
Jared Blumenfeld
John Elberling

Matthew Franklin
Marcia Rosen
Supervisor Chris Daly (*ex-officio*)

Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by the Deputy Executive Director of the Redevelopment Agency (*Discussion Item*)
3. Report by Mayor's Office of Base Reuse and Development (*Discussion Item*)
4. Communications (*Discussion Item*)
5. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
6. Ongoing Business by Directors (*Discussion Item*)
7. General Public Comment (*Discussion Item*) ***In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.***

DOCUMENTS DEPT.
JUN 09 2006
SAN FRANCISCO
PUBLIC LIBRARY

8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a.) Resolution Authorizing the Executive Director to Execute a Second Amendment to the Agreement with Catholic Charities/CYO to Extend the Term on a Month-to-Month Basis Terminable Upon 30 Days Written Notice (*Action Item*)
- b.) Resolution Authorizing the Executive Director to Retroactively Amend the Sublease with San Francisco Golden Gate Youth Rugby, to Extend the Term, Increase the Rent As To Building 34, and Waive Rent As To the Field In Exchange For Certain Community Benefits (*Action Item*)
- 9. Authorizing the Executive Director to Execute a Cooperative Utility Agreement with the California State Department of Transportation for Construction of an Upgraded Submarine Electrical Cable Serving Treasure Island and a Related Collateral Agreement with the San Francisco Public Utilities Commission (*Action Item*)
- 10. Resolution Authorizing the Executive Director to Execute a Memorandum of Understanding with the United States Navy Regarding Ownership Interests in the Upgraded Submarine Electrical Cable Serving Treasure Island (*Action Item*)
- 11. Resolution Authorizing the Executive Director to Execute a Contract with the Treasure Island Homeless Development Initiative for an Amount Not to Exceed \$225,000 for the Period from July 1, 2006 to June 30, 2007 (*Action Item*)

12. POSSIBLE CLOSED SESSION

If approved by the TIDA Board, this Closed Session item will take place for approximately 45 minutes at the end of the meeting

- a. Public Comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with real property negotiators. (*Action item*)

c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Michael Cohen, Jack Sylvan, Joanne Sakai

Persons negotiating with the Authority: United States Navy, Treasure Island Community Development, LLC

Property: Former Naval Station Treasure Island

Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

d. Reconvene in open session (*Action item*)

i. Possible report on action taken in closed session under Agenda Item 12 (Government Code section 54957.1 (a) (1) and San Francisco Administrative Code Section 67.12)

ii. Vote to elect whether to disclose any or all discussions held in closed session (*San Francisco Administrative Code Section 67.12*).

13. POSSIBLE CLOSED SESSION

If approved by the TIDA Board, this Closed Session item will take place for approximately 30 minutes at the end of the meeting

a. Public Comment on all items relating to closed session

b. Vote on whether to hold closed session to confer with real property negotiators. (*Action item*)

c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Joanne Sakai, Marc McDonald

Persons negotiating with the Authority: Treasure Island Yacht Club

Property: Building 298 located on Former Naval Station Treasure Island
Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

d. Reconvene in open session (*Action item*)

i. Possible report on action taken in closed session under Agenda Item 13 (Government Code section 54957.1 (a) (1) and San Francisco Administrative Code Section 67.12)

ii. Vote to elect whether to disclose any or all discussions held in closed session (*San Francisco Administrative Code Section 67.12*).

14. Discussion of Future Agenda Items by Directors (*Discussion Item*)

15. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight/ Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site <http://www.sfgov.org/ethics/>.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at soff@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>



Notes





Notes



Notes

SFPUC

SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1065 13TH ST., TREASURE ISLAND, SAN FRANCISCO, CA 94130 • TEL. (415) 274-0333 • FAX (415) 274-0691

NOTICE OF PLANNED ELECTRIC SERVICE INTERRUPTION

PG&E will be performing scheduled maintenance on the Oakland substation servicing Treasure Island. This will help ensure reliable service to it's customers. In order to safely perform the work, we will be temporarily interrupting your electric service. Although we will do our best to minimize the length of the service interruption, please be prepared to be without service on the following dates (weather permitting) and for the estimated time indicated:

Date: July 05 & July 06, 2006Time: 2-4am both days

AFFECTED SERVICE AREAS:

All of Treasure Island and all of Yerba Buena Island

It is important to note the following:

- If you are a landlord with tenant(s) in the area mentioned above and the SFPUC bill is in your name, it is your responsibility to notify the tenant(s) of the planned service interruption.
- Unsafe weather conditions or an unforeseen emergency will force us to cancel the work at the last minute, and we will be unable to notify you of the cancellation. However, we will notify you of the rescheduled date and time.
- **SAFETY WARNING:** If you plan to use a generator during the service interruption, you must isolate your generator from SFPUC system. Failure to do so will not only damage your generator, but can cause serious injury to our electric crew personnel. If you plan to use a generator, please contact our Planned Outage Coordinator at the number below.

Here are a few recommendations to help minimize any inconvenience to you:

- If you rely on life support devices you may want to consider the following:
 - Obtain small portable oxygen tanks that can be used as back-up
 - Find alternate lodging at a location not affected by the interruption
- Computers and other electronic equipment are particularly sensitive to power interruption. We recommend unplugging this equipment before the shutdown period.
- Security systems, clocks, irrigation timers, and similar equipment will likely require resetting after the shutdown is completed.
- Contents of your refrigerator or freezer should not spoil for the duration of this service interruption if these appliances are kept closed.
- Have on hand battery-powered flashlights with fresh batteries.

We apologize for the inconvenience and thank you for your patience. If you have questions or concerns, please feel free to contact us at telephone numbers (415) 274-0333; (415) 773-2303, or our 24-hour customer service call center at (415) 550-4956.

Vic Zorzynski / Don Thomas

WATER
HECHY HETCHY
WATER & POWER
CLEAN WATER



THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS

THE UNIVERSITY OF CHICAGO PRESS





POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4603

HEATHER J. FONG
CHIEF OF POLICE

June 5, 2006



Ms. Joanne Sakai
Interim Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
SF., CA 94130

SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics – May 2006

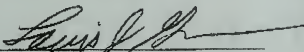
Dear Ms. Sakai:

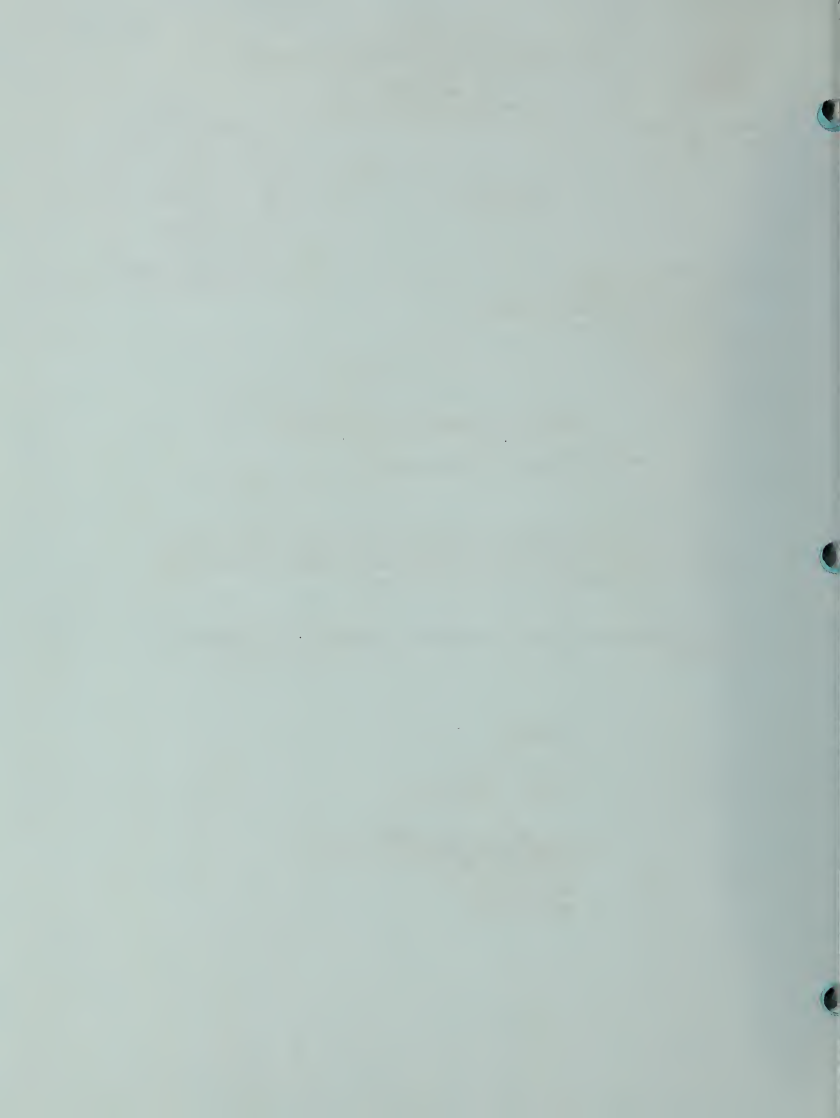
There were twenty-four incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of May 2006. Please see Attachment A for specific information.

Please Contact me at (415) 553-9154 or at Denis.O'Leary@sfgov.org if you have any questions.

Sincerely,

Denis F. O'Leary
Captain – Southern Station

By: 
Officer Louis Glaser
Southern Station
(415) 553-7959



ATTACHMENT A			TYPE	COMMENTS	CASE NUMBER
QCC DATE	REP DATE	LOCATION			
4/19/2006	5/1/2006	Bayside & Gateview	Stolen Vehicle		60465137
4/29/2006	5/1/2006	Building 402	Burglary/Vandalism	Suspect Unknown	60462638
Unknown	5/1/2006	Avenue H & 4th St.	Malicious Mischief	windows smashed/MUNI shelter	60462650
5/1/2001	5/1/2001	Address Withheld	Missing Juvenile		60463802
5/8/2006	5/8/2006	Address Withheld	Found Juvenile	Missing Juvenile from 5/1	60463802
5/2/2006	5/2/2006	1200 block of Bayside	Threats	Via Internet	60466236
5/2/2006	5/2/2006	400 block Avenue Of The Palms	Death Report	Cause Unknown	60456582
5/4/2006	5/4/2006	200 block of California Av	Trespassing		60476714
5/5/2006	5/5/2006	Address Withheld	Battery/Domestic Violence		60481058
5/7/2006	5/7/2006	1200 block of Mariner Dr.	Vandalism to Vehicle		60486070
5/7/2006	5/7/2006	Address Withheld	Aided Case	Suspect Unknown 1 Transported for Psych Eval	60486763
5/9/2006	5/9/2006	1200 block Bayside Dr	Vehicle Registration/false evidence	Suspect Unknown	60491637
Unknown	5/10/2006	600 block of H Av	Theft From building	Suspect Unknown	60496518
5/11/2006	5/12/2006	Ave N & 4th St.	Theft From Locked Vehicle	Suspect Unknown	60504462
5/18/2006	5/18/2006	9th St. & Av. Of The Palms	Warrant Arrest, Local	1 Booked C.J.9	60529921
5/18/2006	5/18/2006	Address Withheld	Mental Health Detention	1 detained for PSYCH Eval	60539481
5/18/2006	5/21/2006	1300 block Gateview	Burglary	Suspect Unknown	60558306
5/24/2006	5/26/2006	1100 block Kepler Ct.	Theft From Locked Vehicle	Suspect Unknown	60567802
5/27/2006	5/29/2006	1200 block 13th St.	Malicious Mischief	Suspect Unknown	60568123
5/28/2006	5/29/2006	Ave. B & Gateview	Stolen Vehicle	Suspect Unknown	60568898
5/28/2006	5/28/2006	1200 block Bayside Dr	Robbery/W Gun	Suspect Unknown	60567426
5/28/2006	5/29/2006	Address Withheld	Battery/Domestic Violence		60569751
5/29/2006	5/29/2006	Calif Av / Ave of the Palms	Malicious Mischief	Vandalism to vehicle	60569842
5/29/2006	5/29/2006	Address Withheld	Battery/Former Spouse	1 Booked C.J.9	60569942

Part 1 Crimes May 2006

Arson
Assault
Burglary
Homicide

Larceny
3 Robbery
2 Sex Offenses
Vehicle Theft

3 Total
1
2



TREASURE ISLAND SAILING CENTER
Launching Point for New Horizons



May 1, 2006

Claudine Cheng
TIDA Board of Commissioners
410 Avenue of the Palms
San Francisco, Ca 94130

Dear Claudine,

On behalf of the Treasure Island Sailing Center, I would like thank you and the entire Board of Commissioners for your outstanding support of our organization in 2005. Together we have exposed thousands of children to sailing on our beautiful San Francisco Bay. In addition, we have provided them with unique learning opportunities to develop important life skills.

Enclosed please find a small token of our appreciation - the artists are from Harding Elementary School. Thanks to your support, they and hundreds of other children were able to experience the joys and confidence that sailing can bring. In addition, many adults, disabled and able-bodied, developed their sailing skills at TISC.

Soon you'll be receiving an exciting newsletter highlighting some milestones in 2005, but I wanted to share a few of them

- We had over 1200 kids learning to sail at TISC in 2005
- Our first youth racing team hit the water with great success, winning second and fourth in their first event! Some have even moved on from Optis to FJ's and Lasers!
- We hired our first full-time Director and just recently have hired a Director of Development and Communications to allow us to expand our efforts
- Our two major fundraising events -- Sailors Bash and BIG Team Regatta -- net close to \$60,000 to support our programs
- We were able to invest over \$34,000 in capital improvements to the facility and our fleet and thanks to generous time and donations from Webcor and others, we have a beautiful new deck and changing rooms for our classes.

For more information about our events, classes and programs in 2006, please visit our website at www.tisailing.org.

Again, the entire TISC family can't thank you enough for your help in continuing and growing our programs. We look forward to seeing you at our upcoming events and on the water!

Best regards,

Carisa Harris

President

Treasure Island Sailing Center

PIER 12, CLIPPER COVE

698 FIRST STREET, BUILDING 112
SAN FRANCISCO, CA 94121 415-421-2225
WWW.TISAILING.ORG

YOU PUT THE WIND IN OUR SAILS

Thank you for your generous support of the
Treasure Island Sailing Center



Treasure Island Sailing Center

A Launching Point for New Horizons

Thank you! From the sea

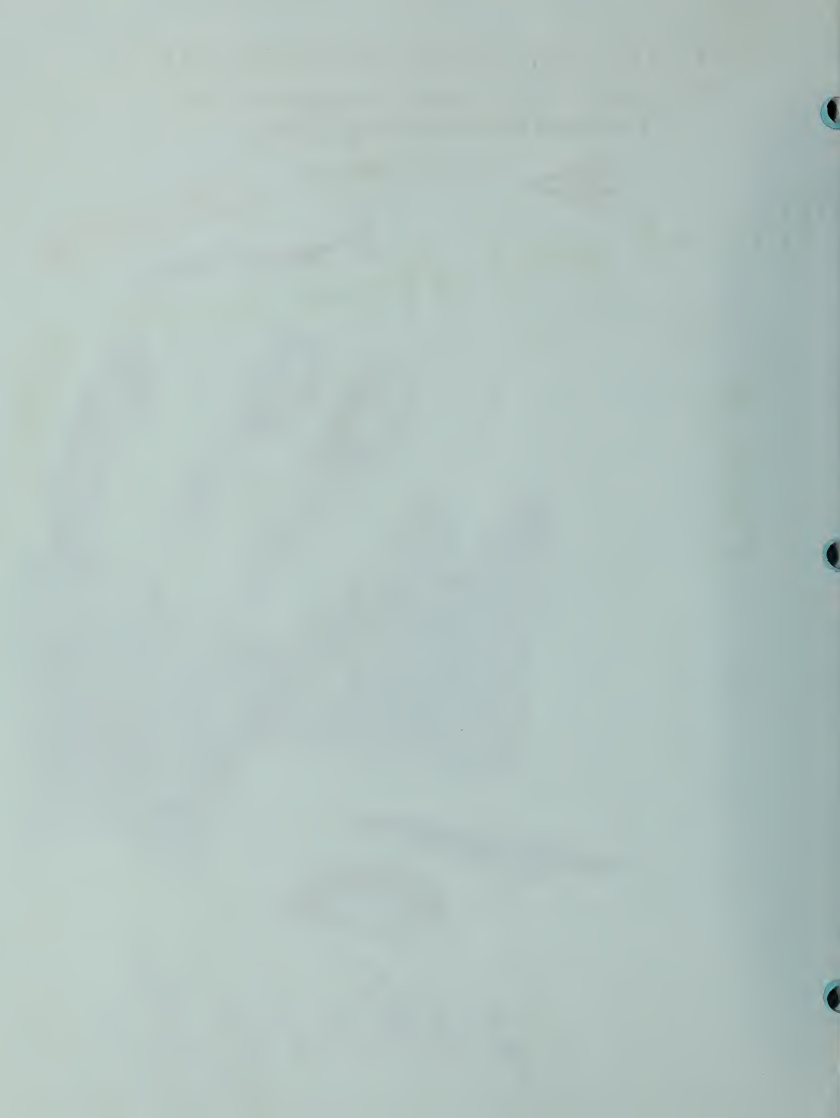
STEVEN

Kenneth

to the sea

David





● OHLONE PORTRAITS: OUR FACES, OUR FAMILIES, OUR STORIES

A community collaborative exhibit combining life-size images and portraits of Ohlone people from the late nineteenth and early twentieth centuries with commentary of contemporary Ohlone descendants who continue to keep their traditions, stories, and language alive in the Bay Area.

Come Experience History

June 2006 Through August 2006

Admission : Free To The Public

Location : Treasure Island Building 1

Sponsored by: Treasure Island Development Authority

Ohlone Portraits was produced by the Crissy Field Center, November 2004. The Crissy Field Center is a partner project of the Golden Gate National Parks Conservancy and the National Park Service.

www.crissyfield.org

*Kannon J. Gray
Treasure Island Job Corps
Graphic Design Center
kannonjanine91483@yahoo.com*





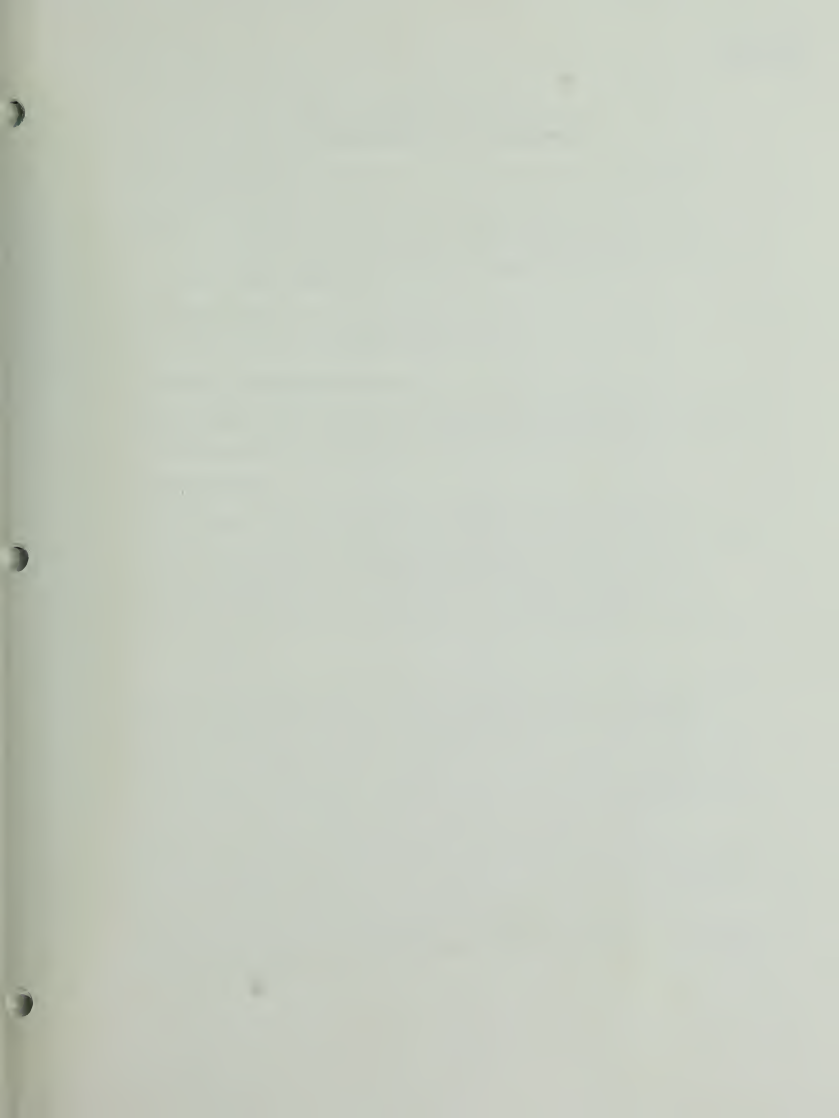
Notes



Notes



Notes



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (a)

June 14, 2006

Subject: Resolution Authorizing the Executive Director to Execute a Second Amendment to the Agreement with Catholic Charities/CYO to Extend the Term on a Month-to-Month Basis Terminable Upon 30 Days Written Notice (*Action Item*)

Staff Contact/Phone: Peter Summerville
(415) 274-0660

SUMMARY OF PROPOSED ACTION

This item seeks the approval by the Authority to extend the term of professional services agreement between TIDA and Catholic Charities/CYO for the operation of the Treasure Island Gymnasium on a month-to-month basis.

BACKGROUND:

At its June 8, 2005 meeting, the Authority Board approved a professional services agreement with Catholic Charities/CYO to assume responsibilities for programming and operation of the Treasure Island Gymnasium, Building 402. This agreement expires July 1, 2006. In anticipation of the expiration of this agreement, on April 17, 2006 the Authority Board approved issuance of a Request for Proposals to identify a suitable organization to assume operation responsibilities at the Gymnasium. The selection process is on-going, and staff anticipates having a recommendation before the Board at its next meeting.

In order to assure that recreational opportunities for Island residents and youth continue uninterrupted during the summer while a new contractor is selected and approved, Catholic Charities/CYO has agreed to extend their agreement for operation of the gymnasium on a month-to-month basis beyond the July 1, 2006 expiration of the current agreements. In connection with the agreement, the Authority subleases Building 402 to Catholic Charities/CYO under an ongoing month-to-month sublease separately approved by the Board at the June 8, 2005 meeting. This month-to-month sublease is terminable by either side upon 30 day written notice. To allow flexibility for Catholic Charities/CYO in regards to ceasing operations at the gymnasium, the month-to-month extension allows for termination of the agreement upon 30 days prior notice from either party. As the sublease only allows Catholic Charities/CYO use of the building for the purpose of providing recreational opportunities under the professional services agreement, the identified date of termination of the proposed extension and written notice provided by the parties will concurrently act as the 30-day notice for termination of the sublease of Building 402.

The extension before the Board extends the term of the professional services agreement on a month to month basis, terminable by either side with 30 day written notice. The extension also amends Appendix B of the agreement to provide for month-to-month funding of the extension, for an amount not to exceed the monthly pro-rated share from the original \$215,000 per year contract amount to an amount not to exceed \$17,916.67 per month.

RECOMMENDATION:

Staff recommends approval of this item

EXHIBITS:

- A. Amendment to Professional Services Agreement between TIDA and Catholic Charities/CYO

[Approving an Amendment to the Agreement with Catholic Charities/CYO]
Resolution Authorizing the Executive Director to Execute a Second Amendment to the
Agreement with Catholic Charities/CYO to Extend the Term on a Month-to-Month Basis
Terminable Upon 30 Days Written Notice

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, at its June 8, 2005 meeting the Authority Board approved a month-to-month sublease and a separate professional services agreement ("Agreement") between TIDA and Catholic Charities/CYO in order for Catholic Charities/CYO to provide recreational services and programming at the Gymnasium, Building 402; and

WHEREAS, At its October 17, 2005 meeting the Board approved the First Amendment to the Agreement; and

1 WHEREAS, The Agreement with Catholic Charities/CYO expires on June 30, 2006,
2 but the sublease continues on a month-to-month basis; and,

3 WHEREAS, While the Authority is engaged in the process of identifying an
4 organization to assume operational and programming responsibilities at the gymnasium upon
5 expiration of the current Agreement with Catholic Charities/CYO, it is believed that a new
6 operator will not be fully functional in the gymnasium at the time of expiration of the current
7 Agreement with Catholic Charities/CYO, and

8 WHEREAS, In recognition of the importance of providing uninterrupted recreational
9 opportunities in the gymnasium during the summer months while this transition between
10 operators occurs, Catholic Charities has agreed to a month-to-month extension of the term of
11 the professional services agreement between the Authority and Catholic Charities to allow
12 Catholic Charities/CYO to continue its operation of the gymnasium on a month-to-month
13 basis until such time as the Authority contracts with a new operator now, and

14 WHEREAS, This agreement shall be terminable by either party upon 30 days written
15 notification; now therefore, be it

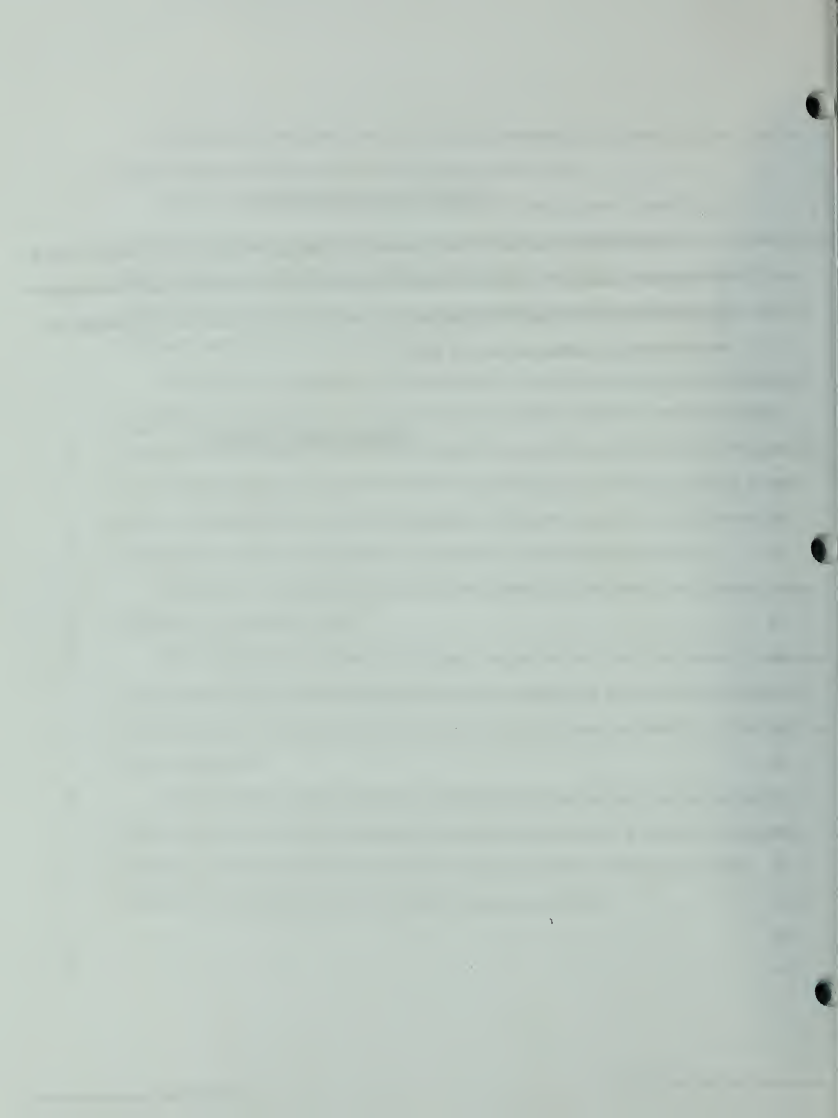
16 RESOLVED, That the Board of Directors authorizes the Executive Director to execute
17 a second amendment to the Professionals Services agreement with Catholic Charities CYO
18 to extend the term of the agreement on a month-to-month basis terminable by either party on
19 30 days notice; and

20 BE IT FURTHER REOSOLVED, that the Professional Services agreement with
21 Catholic Charities/CYO shall be amended to compensate CCCYO \$17,916.67 per month
22 terminable upon expiration of the agreement, all terms of the Professional Services
23 Agreement in substantially the form attached hereto as Exhibit B
24
25

1
2
3 CERTIFICATE OF SECRETARY

4 *I hereby certify that I am the duly elected and acting President of the Treasure Island*
5 *Development Authority, a California nonprofit public benefit corporation, and that the above*
6 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
7 *properly noticed meeting on June 14, 2006.*

8
9
10 Claudine Cheng, President
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
TREASURE ISLAND BUILDING ONE
410 AVENUE OF THE PALMS
SAN FRANCISCO, CALIFORNIA 94130

SECOND AMENDMENT

THIS SECOND AMENDMENT (this "Amendment") is made as of July 1, 2006, in San Francisco, California, by and between Catholic Charities CYO of the Archdiocese of San Francisco, a California Corporation 180 Howard Street, San Francisco, CA. 94105, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, a municipal corporation, hereinafter referred to as "Authority," acting by and through its Executive Director or the Director's designated agent, hereinafter referred to as "Executive Director."

RECITALS

WHEREAS, Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS, Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and the Authority agree as follows:

1. Definitions. The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated July 1, 2005 between Contractor and Authority.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. Modifications to the Agreement. The Agreement is hereby modified as follows:

(a) Section 2

Section 2, Term, currently reads as follows:

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from July 1, 2005 to June 30, 2006.

Such section is hereby amended in its entirety to read as follows:

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be on a month-to-month basis. This agreement shall be terminable by either side upon 30 days advance written notice to the other party.

(b) Section 5.

Section 5, Compensation, currently reads as follows:

5. Compensation

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed two hundred fifteen thousand dollars (\$215,000). The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Executive Director as being in accordance with this Agreement. Authority and/or City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

Such section is hereby amended in its entirety to read as follows:

5. Compensation

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of these payments exceed \$17,916.67 per month. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Executive Director as being in accordance with this Agreement. Authority and/or City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

(c) Appendix B.

Appendix B, BUDGET – Fiscal Year 2005-2006, currently reads as follows:

APPENDIX B

Appendix B -1 BUDGET – Fiscal Year 2005-2006

Two Hundred Fifteen Thousand Dollars (\$215,000).

This budget represents total annual compensation that shall be paid to Contractor.

Compensation shall be paid in equal monthly installments of Seventeen Thousand Nine Hundred Sixteen Dollars and Sixty Seven Cents (\$17,916.67).

Contractor shall submit an invoice for compensation to the attention of the Executive Director within 10 days of the final day of each month as compensation for the month.

Each invoice shall be accompanied by reports required by Executive Director.

In no event shall any monthly invoice be greater than \$17,916.67, unless agreed to in advance in writing by Executive Director.

Authority shall pay invoice within 30 days of receipt of invoice.

Such section is hereby amended in its entirety to read as follows:

Appendix B-2 BUDGET – Fiscal Year 2006-2007

Seventeen Thousand Nine Hundred Sixteen Dollars and Sixty Seven Cents (\$17,916.67).per month.

This budget represents total monthly compensation that shall be paid to Contractor.

Compensation shall be paid in equal monthly installments of Seventeen Thousand Nine Hundred Sixteen Dollars and Sixty Seven Cents (\$17,916.67).

Contractor shall submit an invoice for compensation to the attention of the Executive Director within 10 days of the final day of each month as compensation for the month.

Each invoice shall be accompanied by reports required by Executive Director.

In no event shall any monthly invoice be greater than \$17,916.67, unless agreed to in advance in writing by Executive Director.

Authority shall pay invoice within 30 days of receipt of invoice.

3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

AUTHORITY

Recommended by:

Joanne Sakai, on behalf of
Treasure Island Development Authority

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Brian Cahill, Executive Director
180 Howard St., Suite 100
San Francisco, CA 94105
Phone No.: 415-972-1200
Fax No.: 415-972-1201



AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item No. 8 (b)

June 14, 2006

Subject: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RETROACTIVELY AMEND THE SUBLEASE WITH SAN FRANCISCO GOLDEN GATE YOUTH RUGBY, TO EXTEND THE TERM, INCREASE THE RENT AS TO BUILDING 34, AND WAIVE RENT AS TO THE FIELD IN EXCHANGE FOR CERTAIN COMMUNITY BENEFITS (*ACTION ITEM*)

Staff Contact/Phone: Marc McDonald, Facilities Manager
(415) 274-0660

SUMMARY OF PROPOSED ACTION

This item seeks the approval by the Authority to retroactively extend the term of the sublease with San Francisco Golden Gate Youth Rugby to use a portion of Building 34 and the adjacent field through April 31, 2007. Rent for 1,000 square feet in Building 34 will be increased from \$1,000 to \$1,030 per month beginning May 1, 2006. Monthly rent of \$5,400 (\$0.10 psf per month) for the 54,000 square foot field will be waived beginning May 1, 2006.

BACKGROUND:

For nine years, the San Francisco Golden Gate Youth Rugby (SFGGYR) has been giving children in San Francisco the opportunity to play rugby. The mission of the SFGGYR is to foster regional and local sports competitions and promote the principles of sportsmanship, fellowship, hospitality and a high standard of athletic participation in rugby football within San Francisco and Northern California. Over the past year they have created a new sports field on Treasure Island by converting an open, unimproved field to a competitive class rugby pitch. Work included grading, sodding and the installation of an irrigation system. The SFGGYR has also begun assisting youth on Treasure Island by teaching them how to play rugby football. The result has been an improvement in the quality of life in the community.

During the Navy's occupation of the island, Building 34 was used as a commissary for personnel. Between 1997 and 2006, a portion of the building was used for storage by the tenant, City Store. The balance of the building had very little use and was the subject of extensive vandalism. In April of 2006, San Francisco Golden Gate Youth Rugby ("SFGGYR") took occupancy of approximately 1,000 square feet in Building 34. They

built out meeting space, locker rooms and showers in the formerly abandoned building. Additionally they converted a formerly open field into a competitive class rugby pitch.

Currently, SFGGYR occupies 1,000 square feet in Building 34. They pay \$1,000 per month (\$1.00 psf) for the space. In accord with staff practice the lease rate will increase by the greater of the change in the Consumer Price Index or 3%. The lease will be amended to reflect this practice, with resulting rent of \$1,030.00 per month.

Additionally, SFGGYR has made significant improvements to the playing field by removing rocks, asphalt, debris and concrete and replacing the rubble with a sodded and lined field with an automatic sprinkler system. The total value of the improvements to the field, exceeded \$70,000. The board approved the initial staff recommendation that the investment in the field, up to a maximum of \$64,800 would be eligible for treatment as a credit against their rental obligation for the field. In accord with this plan, SFGGYR has used up all rental credits available to the club. In accord with the terms of the agreement SFGGYR is now eligible to pay rent in the amount of \$5,400 per month (\$0.10psf) for the use of the field that they have improved.

SFGGYR has informed staff that they lack the funds for the rental increase required by the sublease. Sources of revenue are limited to dues, field rental fees and tournament fees. As a "start-up" organization, they are generating insufficient revenue to pay for field and clubhouse maintenance which costs include landscape watering, seeding, fertilizing, mowing as well as field and facilities maintenance. Membership dues are currently being used to cover most costs. A \$60,000 increase in costs will have a severe and immediate impact on the viability of the club.

SFGGYR has been a good citizen on the island. They have brought life to a formerly unused part of the island. They have held monthly rugby clinics for island youth. They have worked with the gymnasium to train youth and adults in rugby. They routinely invite and encourage island residents to attend rugby matches and are looking for more ways to improve life on the island. They have responded to recent ideas proposed by residents to make improvements to island recreational facilities, they have offered the services of members to provide light excavation and landscape improvement services. Their ongoing contribution to island youth and life make them a valuable asset and a vital part of the success of the community.

RECOMMENDATION:

Staff recommends approval of the extension of the sublease with San Francisco Golden Gate Youth Rugby on a month-to-month basis not to exceed April 30, 2007, and adjustment of the rent for the portion of Building 34 used by the SFGGYR. Staff also recommends that the \$5,400 rent for the field be waived in exchange for increasing outreach efforts to island residents and island youth and continuation of regular training programs in the game of rugby.

EXHIBITS:

- A.** First Amendment to Sublease with San Francisco Golden Gate

[Retroactively Amend Sublease with San Francisco Golden Gate Youth Rugby]

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RETROACTIVELY AMEND THE SUBLEASE WITH SAN FRANCISCO GOLDEN GATE YOUTH RUGBY, TO EXTEND THE TERM, INCREASE THE RENT AS TO BUILDING 34, AND WAIVE RENT AS TO THE FIELD IN EXCHANGE FOR CERTAIN COMMUNITY BENEFITS.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997(the "Act"), which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968, the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Board of Directors"), has the power, subject to applicable laws, to enter into agreements or contracts for the procurement of goods and services related to the activities and purpose of the Authority; and

WHEREAS, On May 10, 2006, the Authority approved the First Amendment to extend the term of the Sublease through April 31, 2007, and to increase the rent to One Thousand and Thirty Dollars

1 per month for the premises in Building 34, and to commence charging monthly rent of \$5,400 for the
2 rugby field; and,

3 **WHEREAS**, The San Francisco Golden Gate Youth Rugby ("Subtenant") wishes to continue to
4 occupy the Premises under the Sublease through April 31, 2007, rent at \$1,030.00 per month for
5 1,000 square feet in Building 34; and

6 **WHEREAS**, Subtenant has insufficient earnings to pay \$5,400 per month for the field; and,

7 **WHEREAS**, Subtenant has and continues to make significant contributions to the Treasure
8 Island community and improvements to life on Treasure Island by providing rugby clinics to island
9 youth at no cost and invitations to island residents to watch world class rugby matches at no cost;
10 now therefore be it
11

12 **RESOLVED:** That the Board of Directors hereby approves and authorizes the
13 Executive Director to extend the term of the sublease with San Francisco Golden Gate Youth
14 Rugby through April 31, 2007, provided that nothing herein shall limit the Authority's ability to
15 terminate the Sublease on thirty days notice as provided in the Sublease; and, be it
16

17 **FURTHER RESOLVED**, That the Board of Directors hereby approves and authorizes
18 the Executive Director to increase the monthly rent for 1,000 square feet used by subtenant in
19 Building 34 from \$1,000 to \$1,030; and, be it,

20 **FURTHER RESOLVED**, That the Board of Directors hereby approves and authorizes
21 the Executive Director to waive the obligation of Subtenant to pay rent for the field through
22 April 31, 2007 in consideration for providing significant community service to the Treasure
23 Island community including providing outreach to community residents, no-cost training to
24 community youth and providing the community access to competitive rugby matches held at
25 the field developed by the San Francisco Golden Gate Rugby Club on Treasure Island..

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors at a properly noticed meeting on June 14, 2006.

Claudine Cheng, President

The first part of the report deals with the general situation of the country.

The second part deals with the economic situation.

The third part deals with the social situation.

The fourth part deals with the political situation.

The fifth part deals with the cultural situation.

The sixth part deals with the environmental situation.

The seventh part deals with the health situation.

The eighth part deals with the education situation.

The ninth part deals with the housing situation.

The tenth part deals with the transportation situation.

The eleventh part deals with the communication situation.

The twelfth part deals with the energy situation.

The thirteenth part deals with the water supply situation.

The fourteenth part deals with the waste disposal situation.

The fifteenth part deals with the urban planning situation.

The sixteenth part deals with the rural planning situation.

The seventeenth part deals with the regional planning situation.

The eighteenth part deals with the national planning situation.

The nineteenth part deals with the international planning situation.

The twentieth part deals with the global planning situation.

The twenty-first part deals with the future planning situation.

The twenty-second part deals with the conclusion.



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

FIRST AMENDMENT TO SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

GOLDEN GATE YOUTH RUGBY CLUB

as Subtenant

For the Sublease of

Building 34

Naval Station Treasure Island

San Francisco, California

June 14, 2006

**FIRST AMENDMENT TO
TREASURE ISLAND SUBLEASE**

THIS FIRST AMENDMENT TO SUBLEASE (the "FIRST Amendment"), 10th day of May 2006, is by and between the Treasure Island Development Authority ("Sublandlord") and the San Francisco Golden Gate Youth Rugby("Subtenant"), which is a non-profit public benefit corporation. From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Amendment to the sublease is made with reference to the following facts and circumstances:

- A. On April 13, 2005, the Parties entered into that certain Sublease (the "Sublease") whereby Sublandlord subleased to Subtenant approximately 1,000 square foot in Building 34 of the Property and a 54,000 square foot parcel of land bounded by Avenue H, 3rd Street, Avenue I and California Avenue as an athletic field for a term expiring on May 1, 2006,
- B. Subtenant desires to retroactively renew said sublease for a term of 12 months through April 31, 2007,
- C. On May 10, 2006, the Authority's Board of Directors authorized the Executive Director to enter into this FIRST Amendment.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

- A. Paragraph 3.1 of the Original Sublease is as follows:

3.1 **"Term of Sublease.** The term of this Sublease shall commence on May 1, 2005 (the "Commencement Date") and continue on a month to month basis expiring on May 1, 2006, (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease.

- B. Paragraph 3.1 of the Original Sublease is hereby amended to read as follows:

3.1 **"Term of Sublease.** The term of this Sublease shall commence on May 1, 2006 (the "Commencement Date") and continue on a month to month basis not to exceed April 31, 2007, (the "Expiration Date"), unless sooner terminated or extended pursuant to the terms of the Sublease. Either Party may, in its sole discretion, terminate this Sublease by giving thirty (30) days prior written notice to the other Party. Subtenant hereby acknowledges that the underlying Master Lease with the Navy currently is scheduled to terminate on December 1, 2006, and that Sublandlord anticipates but cannot guarantee that the Navy will extend the term of such Master Lease beyond the date of December 1, 2006. In the event that the Navy refuses to extend the term of the Master Lease, Subtenant agrees that this Sublease shall terminate upon the termination of the Master Lease.

- C. Paragraph 4.1 of the Original Sublease is as follows:

4.1 Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord One Thousand Dollars (\$1,000.00) (the "Base Rent") per month for premises in Building 34. Further, throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord deferred rent equal to Five Thousand Four Hundred Dollars (\$5,400.00) (the "Deferred Rent") for the Athletic Field. Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Rent for such fractional month shall be prorated based on a thirty (30) day month.

- D. Paragraph 4.1 of the Original Sublease is hereby amended to read as follows:

4.1 "Base Rent. Beginning on May 1, 2006, Subtenant shall pay to Sublandlord One Thousand and Thirty Dollars and no cents (\$1,030.00) (the "Base Rent") per month for premises in Building 34. Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Rent for such fractional month shall be prorated based on a thirty (30) day month. If this Sublease has not been terminated, then on each anniversary date of the Commencement Date specified in Section 3.1 of this Sublease ("Adjustment Date"), the Base Rent shall be increased by 3%. There shall be no rent for the portion of the Premises comprised of the Athletic Field provided that Subtenant maintains at no cost to Sublandlord such Athletic Field in the condition it exists on the date of this Amendment and provides no-cost rugby training and outreach to community youth and no-cost community access to competitive rugby matches held at the Athletic Field, all in accordance with and as described in a schedule of community outreach that Subtenant shall submit to Sublandlord within 60 days of the date of this First Amendment. Sublandlord shall have the right to reasonably approve such schedule in its sole and absolute discretion. Nothing herein shall restrict Sublandlord's ability to terminate this Sublease for any reason by giving Subtenant 30-days written notice of termination."

- E. Except as expressly amended in this Amendment, all other terms and conditions of the Sublease shall remain in full force and effect.

Sublandlord and Subtenant have executed this Amendment in triplicate as of the date first written above.

SUBTENANT:

Golden Gate Youth Rugby Club

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Its: _____

Approved as to Form:

DENNIS J. HERRERA,
City Attorney

By _____
Deputy City Attorney



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Agenda Item Nos: 9 & 10

Meeting Date: June 14, 2006

Subject: Resolution Authorizing the Executive Director to Execute a Cooperative Utility Agreement with the California State Department of Transportation for Construction of Upgraded Submarine Electrical Cables Serving Treasure Island and a Related Collateral Agreement with the San Francisco Public Utilities Commission (Action Item)

Resolution Authorizing the Executive Director to Execute a Memorandum of Understanding with the United States Navy Regarding Ownership Interests in Upgraded Submarine Electrical Cables Serving Treasure Island (Action Item)

Staff Contact: Jack Sylvan, Base Reuse and Development

BACKGROUND

Treasure Island and Yerba Buena Island (collectively "Treasure Island") currently receive electricity from a submarine electrical cable that travels from the eastern shore of Treasure Island along the floor of the San Francisco Bay, connects to an electrical vault near the touchdown of the eastern span of the Bay Bridge and continues via overhead lines to the Davis Substation on Port of Oakland property. The submarine cable is owned by the Navy and has a size of 750 kcmil and a capacity of 12.9 mega volt amperes (Mva). A second electrical cable, the 12 kv Bay Cable 6, connects San Francisco to Treasure Island and is owned by PG&E but has been out of service since December 2002. PG&E has indicated that they have no plans to replace or repair this cable.

Plans for construction of the new eastern span of the Bay Bridge (Eastern Span) include bridge footings associated with the Oakland Touchdown portion of the Bridge that are located adjacent to the existing submarine cable. Caltrans determined that the existing cable posed a safety concern and that reliable electrical service to Treasure Island was jeopardized by bridge construction. Caltrans and the Navy entered into an agreement in which Caltrans would construct a replacement submarine electrical cable sized to the existing cable's capacity in exchange for relief of Caltrans' obligation to reconstruct former Building 213 on Yerba Buena Island, which was demolished by Caltrans to facilitate construction of the new Eastern Span. This agreement was memorialized in a MOU between the Navy, Caltrans and the Federal Highways Administration (attached to Exhibit B).

TIDA has been in discussions with Caltrans staff for some time regarding the fact that the existing cable capacity will not be sufficient to serve future development at Treasure Island.

Rather than having Caltrans install a replacement cable at the existing capacity now and have TIDA or a developer install additional cables in the future, TIDA has advocated that it is good public policy for Caltrans to install cables of sufficient capacity to serve future development at Treasure Island as part of its cable replacement project. TIDA and PUC staff believe that this will save approximately \$4 to \$6 million in cable installation costs needed to support future development. Staff, in consultation with the engineering and design team of Treasure Island Community Development (TICD) and staff of the Public Utilities Commission (PUC) worked to determine that the ideal upgraded capacity for the electrical cable serving Treasure Island would be served by two (2) 1,000 kcmil, 14.9 Mva cables laid side by side ("Double Cables") along the same route as Caltrans' proposed single replacement cable. These specifications are of sufficient capacity to serve future development and also provide an increased level of system reliability and redundancy given the fact that the PG&E-owned cable connecting San Francisco to Treasure Island is out of service. Caltrans has agreed to include designs for the Double Cables in its bid specifications and construct these Double Cables with an assurance from TIDA that TIDA would fund the incremental cost over and above the cost of the single replacement cable (the "Replacement Cable").

Caltrans has determined that it needs to expedite the submarine cable construction project so that the Double Cables are complete and operational before Caltrans begins work on the Oakland Touchdown portion of the Eastern Span. Caltrans needs to issue the bids for construction of the Double Cables by July 2006 in order to begin construction of the Double Cables in October 2006 and complete construction by October 2007. The Final Environmental Impact Report for Transfer and Reuse of Treasure Island, certified by the TIDA Board and the San Francisco Planning Commission on May 5, 2005, is available for review with the Authority Secretary and the San Francisco Public Library. In addition, a letter from the Environmental Review Officer is attached as Exhibit D.

Effectuating this construction of the Double Cables will require three agreements, each described below.

TIDA – Caltrans Cooperative Utility Agreement

The TIDA – Caltrans Cooperative Utility Agreement (CUA), attached as Exhibit B, memorializes the agreement between TIDA and Caltrans in which TIDA funds the incremental increase in costs associated with the Double Cables. TIDA staff, working with staff from the PUC, TICD's engineering team, and Caltrans, have estimated the costs associated with the Replacement Cable at \$3,175,658 and the Double Cables at \$6,631,741. The CUA requires TIDA to pay all amounts above the Replacement Cable estimate and up to the Double Cables estimate, or \$3,456,083.

In addition, the CUA recognizes that there will be additional costs associated with Caltrans' administrative costs and contingencies, including work preparing the bid specifications to design criteria provided by TIDA for the Double Cables and that actual construction costs may be in excess of the estimates prepared jointly by TIDA, PUC and Caltrans due to contractor bids higher than anticipated or change orders during the construction process. TIDA and Caltrans have agreed that potential future cost increases are likely to have affected construction

of a Replacement Cable on a pro rata basis as they will affect construction of the Double Cables. Therefore, the CUA designates that TIDA and Caltrans will share costs above \$6,631,741 with TIDA funding 51.7% and Caltrans funding 48.3%. TIDA, working with PUC staff, has the ability to review and approve Caltrans' acceptance of bids in excess of the Double Cables cost estimate of \$6,631,741 and change orders in excess of \$150,000. Including contingencies and Caltrans administrative costs TIDA, PUC and Caltrans staff estimate total costs to TIDA of approximately \$3,895,000.

TIDA has negotiated a deferred payment schedule of four equal, annual payments beginning in October 2009. This timeframe will provide TIDA the ability to access either developer financing or public financing to fund the payments to Caltrans. Caltrans has required collateral security in the case that TIDA fails to perform under its obligations to reimburse Caltrans. The CUA references that the collateral security will be provided by the San Francisco Public Utilities Commission in the form of a subordinated Pledge and Security Agreement, attached as an exhibit to the CUA.

The cable to be transferred to TIDA (TIDA Cable), will be conveyed by Caltrans when Caltrans has been fully reimbursed for the incremental increase in costs associated with the construction of the Double Cables. Caltrans has expressed a concern about TIDA's ability to use the TIDA Cable prior to Caltrans being fully reimbursed and, therefore, the agreement contemplates a technical solution by which Caltrans will be assured that it controls use of the cable and TIDA is assured receipt of a functional cable.

TIDA - San Francisco Public Utilities Commission Memorandum of Agreement Guaranteeing TIDA's Payment Under CUA

Caltrans has required that TIDA provide collateral security in the event TIDA fails to perform under its obligations to reimburse Caltrans on the payment schedule outlined previously. TIDA and the PUC will enter into an MOA providing that PUC will provide a collateral guarantee to Caltrans on behalf of TIDA under its CUA commitment with Caltrans. In the event that TIDA does not fulfill its commitment to pay Caltrans, the PUC pledges to fund Caltrans from its Hetchy Unappropriated Fund Balance. The TIDA-PUC MOA provides that TIDA shall reimburse PUC for any payments PUC makes to Caltrans on TIDA's behalf. The agreement also gives PUC the option to purchase the cable from TIDA either in lieu of repayment from TIDA or in the case that TIDA actually funds Caltrans the costs of the cable. A draft of this agreement is attached as Exhibit C.

TIDA - Navy Memorandum of Agreement

The MOA between the Navy and Caltrans requires Caltrans to install the Replacement Cable and, upon completion of the installation, transfer title to the Navy. The installation of the Double Cables will result in the installation of two cables, one of which will be funded by TIDA. The MOA between TIDA and the Navy specifies three things:

1. The Navy consents to Caltrans installing the Double Cables in lieu of the relocation and replacement of the Replacement Cable.

2. Recognizing that TIDA will be funding the upgrade of the cables from the Replacement Cable, Caltrans will transfer title to one of the cables to the Navy and the second cable to TIDA.
3. TIDA will not use sublease revenues generated on the island to fund the reimbursement to Caltrans. Instead, TIDA will fund the reimbursement to Caltrans via developer or project-related financing or, if necessary, utilize the pledge provided by the PUC.

RECOMMENDATION

Staff recommends approval of the CUA between TIDA and Caltrans, including the Pledge and Security Agreement and MOA between TIDA and PUC, and the MOA between TIDA and the Navy. Double Cables will be necessary to serve the electrical power load as part of future development. Entering into the attached agreements will enable construction of those Double Cables as part of Caltrans current construction project, thereby saving an estimated \$4 million to \$6 million as compared to constructing additional cables and capacity in the future. Additionally, entering into these agreements will enable TIDA to control title to half of the electrical infrastructure connecting Treasure Island to the power source in the East Bay, which is beneficial to any future opportunities for public power at Treasure Island if determined feasible. Finally, entering into these agreements will provide an increased level of system reliability and redundancy for the occupants and users of Treasure Island.

EXHIBITS

Agenda Item 9

- A Resolution Adopting Environmental Findings
- B Cooperative Utility Agreement Between Caltrans and TIDA
- C MOA Between TIDA and PUC
- D Letter from Environmental Review Officer

Agenda Item 10

- A Resolution Adopting Environmental Findings
- B MOA Between Navy and TIDA

1 [Approval of a Cooperative Utility Agreement with Caltrans for an Upgraded Submarine
2 Electrical Cable and related collateral agreement with the City's Public Utilities Commission.]
3 **Authorizing the Executive Director to Execute a Cooperative Utility Agreement with the**
4 **California State Department of Transportation for Construction of an Upgraded**
5 **Submarine Electrical Cable Serving Treasure Island and a related collateral agreement**
6 **with the San Francisco Public Utilities Commission.**
7
8

9 **WHEREAS**, Former Naval Station Treasure Island is a military base located on
10 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
11 the United States of America (the "Navy"); and,

12 **WHEREAS**, The Base was selected for closure and disposition by the Base
13 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
14 subsequent amendments; and,

15 **WHEREAS**, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
16 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
17 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
18 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
19 conversion of the Base for the public interest, convenience, welfare and common benefit of
20 the inhabitants of the City and County of San Francisco ("City"); and

21 **WHEREAS**, With the approval of the Board of Supervisors, the Authority entered into a
22 Cooperative Agreement and numerous modifications to the Cooperative Agreement with the
23 Navy under which the Authority assumed certain responsibilities for (i) operation and
24 maintenance for the water, waste water, storm water, electric and gas utility systems on the
25

1 Base, (ii) security and public health and safety services, (iii) grounds and street maintenance
2 and repair, and (iv) property management and caretaker services; and,

3 **WHEREAS**, In accordance with the Cooperative Agreement, the Authority has been
4 managing all utilities used on the Base since 1998, including without limitation, the delivery of
5 electricity to the occupants and users of Treasure Island and Yerba Buena Island,
6 respectively, including the Job Corps, the United States Coast Guard, the approximately 3000
7 residents under subleases to the John Stewart Company and member organizations of the
8 Treasure Island Homeless Development Initiative, and various commercial and nonprofit
9 tenants; and,

10 **WHEREAS**, There exists one 750 KCMIL, 34.5 KV submarine electrical cable (the
11 "Existing Cable") from Oakland to Treasure Island which is the sole source of electrical power
12 to the Base. The nominal capacity of the Existing Cable is 12.9 mega-volt ampere (MVA).
13 The California State Department of Transportation ("Caltrans") has determined that foundation
14 piles for the new pier construction of the new eastern span of the San Francisco-Oakland Bay
15 Bridge may be driven too close to, and compromise the integrity of the Existing Cable; and,

16 **WHEREAS**, Caltrans and the Navy are parties to a Memorandum of Agreement dated
17 September 9, 2005 (MOA), attached to Exhibit B, in which the State agreed to relocate and
18 replace the Existing Cable, and Authority staff have determined that two (2) higher-capacity
19 1000 KCMIL, 25 KV rated cables (the "Upgrade Cables"), each with a nominal capacity of
20 14.9 MVA or a combined capacity of 29.8 MVA, would make a significant contribution to the
21 redevelopment and conversion of the Base to civilian uses; and,

22 **WHEREAS**, Authority staff proposes to enter into a Cooperative Utility Agreement
23 ("CUA") with Caltrans in which Caltrans will install the Upgrade Cables instead of relocating
24 and replacing the Existing Cable, and the Authority would pay Caltrans the incremental
25

1 increase in cost for the Upgrade Cables over the cost of relocating and replacing the Existing
2 Cable (the "Upgrade Cost"); and,

3 **WHEREAS**, The estimated Upgrade Cost will be approximately \$4,000,000, and under
4 the proposed CUA, the Authority would repay Caltrans for such Upgrade Cost in four (4) equal
5 annual installment payments (each installment is referred to individually and collectively
6 herein as the "Reimbursement Obligation") beginning in 2009; and,

7 **WHEREAS**, The Authority shall require that the Reimbursement Obligation be funded
8 by any future developers with approvals for development at Treasure Island; and,

9 **WHEREAS**, Caltrans has required that the Authority provide a form of security for the
10 Authority's Reimbursement Obligation, and to satisfy this requirement the City's Public Utilities
11 Commission ("PUC") would enter into a Pledge and Security Agreement ("Pledge
12 Agreement") in favor of Caltrans as further assurance for the Authority's Reimbursement
13 Obligation; and,

14 **WHEREAS**, the forms of the CUA and the Pledge Agreement are attached to this
15 Resolution as Exhibit B; and,

16 **WHEREAS**, In consideration for entering into the Pledge Agreement, the PUC requires
17 that the Authority either repay the PUC the amount of any Reimbursement Obligation the PUC
18 pays under the Pledge Agreement or grant to the PUC an option to purchase one of the
19 Upgrade Cables from the Authority, which option can be exercised only in the event that the
20 PUC is required to pay a Reimbursement Obligation under the Pledge Agreement and the
21 PUC elects, at its sole discretion, not to require the Authority to repay the PUC. Therefore,
22 staff for the Authority and the PUC have prepared a draft Memorandum of Agreement
23 between the Authority and the PUC providing for such repayment to the PUC or grant of
24 option. A copy of such draft Memorandum of Agreement is attached hereto as Exhibit C; and,
25

1 **WHEREAS**, An environmental impact report was prepared and certified on May 5,
2 2005 for the transfer of Treasure Island from the Navy to the City and the general
3 environmental effects of potential growth and development of Treasure Island were discussed
4 in that report; and

5 **WHEREAS**, Environmental review has been conducted for this proposal and such
6 information is set forth in separate documentation provided to the Authority from the City's
7 Environmental Review Officer, a copy of which is on file with the Authority Secretary and
8 attached as Exhibit D; and

9 **WHEREAS**, This Board of Directors has reviewed and considered the environmental
10 information; now therefore be it

11 **RESOLVED**, That the Board of Directors hereby adopts the environmental findings
12 attached to this Resolution as Exhibit A and incorporates the same herein by this reference;
13 and be it

14 **FURTHER RESOLVED**, That the Board of Directors approves and authorizes the
15 Executive Director to enter into a Cooperative Utility Agreement with Caltrans and a Pledge
16 Agreement in favor of Caltrans for the upgrade of the Existing Cable, in substantially the forms
17 attached hereto as Exhibit B; and be it

18 **FURTHER RESOLVED**, That the Board of Directors hereby approves and authorizes
19 the Executive Director to enter into a Memorandum of Agreement with the PUC, in
20 substantially the form attached hereto as Exhibit C, that requires the Authority to either repay
21 the PUC any amount of any Reimbursement Obligation the PUC pays under the Pledge
22 Agreement or grant to the PUC an option to purchase one of the Upgrade Cables from the
23 Authority for the price of the Authority's full Reimbursement Obligation under the CUA, which
24 option can be exercised only in the event that the PUC pays the the purchase price in
25 accordance with such Memorandum of Agreement.

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Executive Director to enter into any additions, amendments or other modifications to the Cooperative Utility Agreement, the Pledge Agreement or the Memorandum of Agreement (including, without limitation, the attached exhibits) that the Executive Director determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the installation of the Upgrade Cables, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the documents and any amendments thereto; and, be it

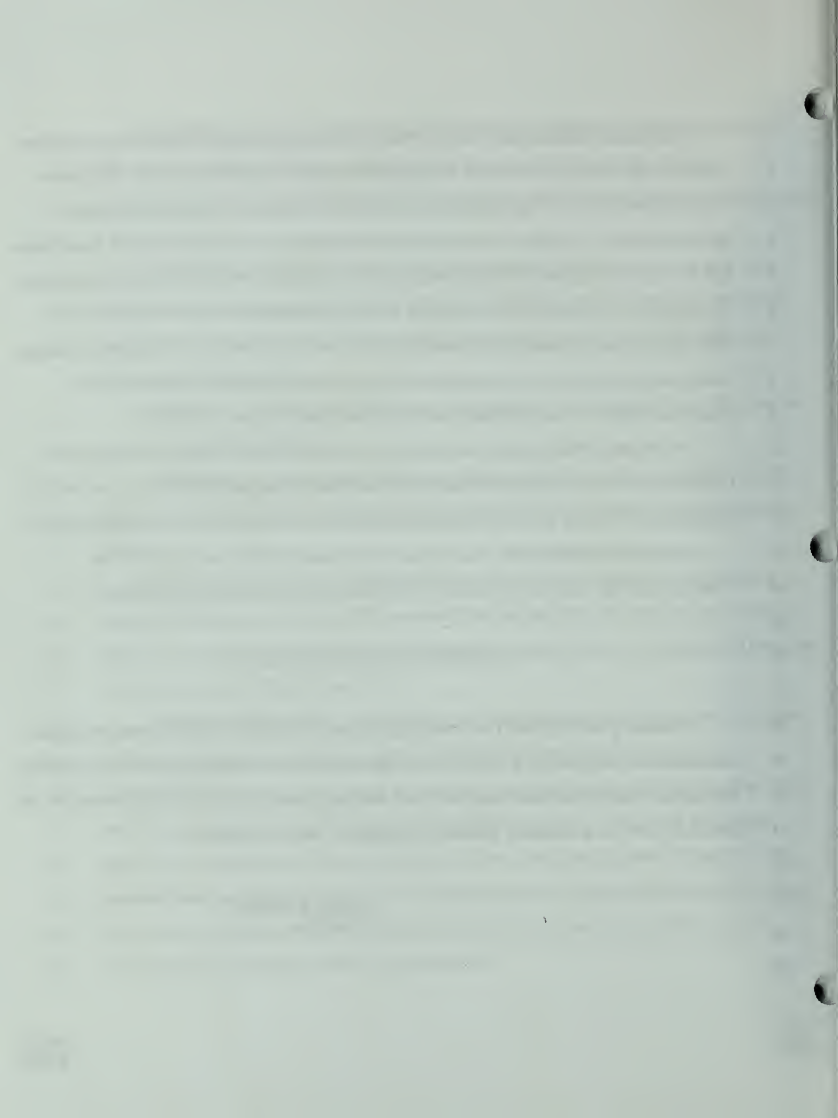
FURTHER RESOLVED, That unless the PUC exercises its option to purchase the Upgrade Cable, the Authority's obligations for the Reimbursement Obligation under the CUA shall be funded by any future developers with approvals for development at Treasure Island.

FURTHER RESOLVED, That no general funds of the City and County of San Francisco shall be used for any portion of the Authority's Reimbursement Obligation.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on June 14, 2006.

**Claudine Cheng,
President**





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

EXHIBIT A

Findings under the California Environmental Quality Act

The project under consideration at this time is an agreement between the California Department of Transportation ("Caltrans") and the Treasure Island Development Authority ("TIDA"), and an agreement between TIDA and the San Francisco Public Utilities Commission ("SFPUC") to fund the installation of submarine electrical cables to provide power to Treasure Island. Caltrans will be installing the electrical cables. The electrical cables will be able to supply more power to Treasure Island than is currently provided and could support growth and future development at Treasure Island.

Approval of a development proposal is not before the entities involved in these agreements, TIDA, SFPUC or the San Francisco Board of Supervisors, at this time. However, because the electrical cables could supply more power and thereby facilitate growth at Treasure Island, the decision-makers must consider the effects of that possible growth on Treasure Island. The Treasure Island environmental impact report ("EIR") was reviewed and considered by TIDA, the San Francisco Planning Commission and these bodies certified the EIR on May 5, 2005. That EIR was prepared in anticipation of a transfer of Treasure Island from the United States Navy to TIDA and considered the impacts of potential foreseeable growth on Treasure Island. The EIR analyzed generally the impacts of three different levels of development on Treasure Island and considered a no project alternative, a minimum density alternative, a medium density alternative and a maximum density alternative. The EIR also analyzed a development proposal for the Marina on Treasure Island. The Marina could operate under current electrical power being supplied to Treasure Island, and the replacement electrical cables will not change or affect the Marina development proposal that was analyzed in the EIR. The specific impacts associated with development of the Marina are not considered here, although the impacts of the Marina were included in the Program-level analysis and cumulative impact analysis of the EIR.

The California Environmental Quality Act ("CEQA") requires decision-makers to make certain findings when approving a project, as defined by CEQA, with the potential for environmental impacts. Approval of the agreements to support Caltrans' installation of submarine electrical cables is considered a project under CEQA. The Environmental Review Officer has determined that there will be no significant impacts caused by the physical installation of the cables, since Caltrans analyzed the installation of the replacement cables in the Environmental Impact Statement and will comply with all relevant mitigation measures contained in the Environmental Impact Statement, which Caltrans prepared for reconstruction of the Bay Bridge. Caltrans will take all steps to avoid any significant environmental impacts. TIDA concurs with the Environmental Review Officer's determination.

The EIR identified significant environmental impacts, as well as alternatives and mitigation measures to address those significant environmental impacts, when it considered the effects of potential growth on Treasure Island. The relevant portions of these analyses are set forth below.

I. Significant Impacts

The EIR identified significant impacts associated with possible future development on Treasure Island. The significant impacts identified in the EIR are summarized below.

More detailed explanation is contained in the EIR and can be referenced in Table 2-2, on EIR pages 2-33 through 2-113.

No Action Alternative: No significant impacts are expected.

Minimum, Medium and Maximum Development Alternatives:

Cultural resource impacts, including possible alteration or demolition of historic resources, incompatible new construction, which could adversely affect historic resources, and possible loss of potentially significant archaeological resources caused by excavation activities;

Transportation, circulation and parking impacts, including increased volumes on freeway ramps as follows: increased volumes on the Yerba Buena Island westbound on-ramp, (west side), Yerba Buena Island eastbound off-ramp (west side), Yerba Buena Island eastbound on-ramp (east side) and Yerba Buena Island westbound on-ramp (east side), Bay Bridge Interstate 80 operations, would cause the segment of westbound Bay Bridge from Treasure Island to San Francisco to deteriorate to LOS F in the a.m. peak period and to LOS E or F in the p.m. peak period, and transit operations, including ferry and bus service;

Air quality impacts, including transportation-related air pollutant emissions, and construction and demolition dust and vehicle emission impacts caused by personal vehicle traffic;

Noise impacts, including construction and demolition noise and pile driving;

Biological resources, including disturbance to sensitive mudflat habitat from pedestrian and boating activities around Clipper Cove, pedestrian and boating impacts on wading shorebirds, and Clipper Cove pedestrian and boating impacts on essential fish habitat;

Soils, Geology and Seismicity impacts, including impacts from seismic shaking on increased numbers of residents, workers and visitors, liquefaction and differential settlement, lateral spreading impacts on unsupported structures and infrastructure, soil settlement caused by new construction, impacts on structure and roads on yerba Buena Island from slope failure;

Hydrology and water quality impacts, including flooding from dike overtopping during storms, and subsurface excavation could cause spreading of contaminated groundwater;

Public Service and Utilities impacts, including wastewater collection and treatment, stormwater collection, energy impacts, telecommunications impacts and solid waste impacts;

Hazardous Materials and Waste Impacts, including possible exposure to residual chemical constituents and exposure to previously unidentified subsurface hazards.

Medium Density Alternative: Visual impacts, including views from Interstate 80, a State Scenic Highway, and the Bay Bridge, and on-site views and visual access caused by the possible loss of scenic resources including buildings 2 and 3;

Minimum and Medium Density Alternatives: Soils, Geology and Seismicity impacts due to possible dike failure impacts because there is no improvement to the dike contemplated in these development scenarios;

Minimum Density Alternative only: lateral spreading of supported structures and infrastructure;

Maximum and Minimum Density Alternatives: Hydrology and water quality impacts, including ponding from high tides;

Medium and Maximum Development Alternatives only: Public Service and Utilities impacts, including fire protection impacts, police protection impacts, impacts on provision of emergency medical services, potable water and fire protection distribution;

Cumulative impacts, including the following

For the medium density alternative, loss of housing could cause a jobs/housing imbalance, leading to physical impacts including cumulative traffic and air quality effects, set forth below.

Cumulative impacts on historic structures caused by demolition and alteration, and loss of potentially significant archaeological resources caused by excavation.

Cumulative traffic congestion and increased parking demand at East Bay ferry terminals.

Cumulative Air quality, including cumulative transportation-related air pollutant emissions from personal vehicle trips, and cumulative air quality impacts from construction and demolition activities.

Cumulative traffic noise impacts along the Bay Bridge corridor.

Cumulative impacts on biological resources from dredging activities.

Cumulative hydrology and water quality impacts from dredging and dredge material disposal.

Cumulative public service and utilities impacts including a loss of the potable water line if not replaced after Bay Bridge construction.

II. Alternatives

TIDA is not endorsing or rejecting any of the alternatives considered in the EIR at this time. Installation of the submarine electrical cables will not preclude or require a decision on any particular level or kind of development on Treasure Island. Installation of additional power capacity anticipates future development but does not force or require future development. Accordingly, there are no findings required to reject any of the alternatives in the EIR. If and when a specific development proposal is proposed for Treasure Island, the alternatives may be considered and adopted or rejected at that time, or new alternatives could be developed as part of environmental review for the development proposal.

III. Mitigation Measures

The EIR proposed mitigation measures to address most of the significant impacts identified in Section I above. The mitigation measures would be implemented as new development occurs on Treasure Island, and address impacts during construction, caused by construction and the subsequent increased use of Treasure Island following completion of new development on Treasure Island. Those mitigation measures are not relevant or applicable to this approval action, since no specific development, construction or occupancy for Treasure Island is proposed for adoption as part of the decisions before TIDA today. Therefore TIDA rejects all of the mitigation measures identified in the EIR as infeasible at this time. (See Table 2-2, EIR pages 2-33 through 2-113 for a full listing of the mitigation measures.) At the time a development proposal is considered, the mitigation measures could be adopted, rejected or modified with additional environmental review at that time. TIDA intends to analyze and consider fully all environmental impacts, mitigation measures and alternatives when it considers development plans for Treasure Island.

IV. Unavoidable Significant Impacts

All of the significant environmental impacts identified in Section I above would occur without implementation of the mitigation measures and are considered to be significant and unavoidable environmental impacts under CEQA.

V. Statement of Overriding Considerations

Notwithstanding the significant effects noted above, pursuant to CEQA Section 21081(b), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code, TIDA finds, after considering the EIR and the evidence in the record, that specific overriding economic, legal, social and other considerations, as set forth below, outweigh the potential unavoidable significant environmental impacts of any future growth on Treasure Island. The potential significant and unavoidable impacts are therefore acceptable, for the reasons set forth below.

Installation of submarine electrical cables at this time rather than when a specific development proposal is considered for approval will result in a savings to TIDA and the City of 4 to 6 million dollars. Installation of the additional cable will decrease disruption in San Francisco Bay, and will provide necessary redundancy of power to Treasure Island in the event that current power transmission levels fail.

In the event growth and development could occur at Treasure Island, there are significant public benefits to development of Treasure Island. Treasure Island is currently a closed military base owned by the United States Navy. Most, if not all, of the structures were built prior to the 1980s, some as far back as the late 1800s. By and large, with the exception of the occupied housing, all of the structures are suffering from deferred maintenance, including several historic structures which require seismic upgrade to ensure their long term viability. The entire infrastructure system is aging, suffering from deferred maintenance and is not consistent with San Francisco standards. The property has several sites that are subject to environmental restrictions due to environmental contamination in soil and structures. As a consequence of closure of the former Naval facility, approximately 2,000 jobs were lost.

In the context of the past and current situation at Treasure Island, redevelopment at Treasure Island will provide a multitude of public benefits for the City and County of San Francisco and its residents, including the following:

1. Creation of new housing units, including 30% of all housing units at below-market rates and which would also include a substantial component of units for formerly homeless individuals and families through the Treasure Island Homeless Development Initiative
2. Creation and expansion of a regional park and open space programmed with a variety of passive, active, waterfront-oriented, recreational, cultural, arts and entertainment and educational uses.
3. A new commercial district including neighborhood-serving and destination retail, hotels, arts and cultural uses.
4. Installation of a new utility and infrastructure system, including power, gas, potable water, stormwater, sewer, and telecommunications.
5. New public safety and emergency facilities, including the construction of new police and fire facilities.
6. Geotechnical improvements to the island perimeter and access points to Treasure Island necessary to ensure safety of residents, employers and visitors.
7. Creation and funding for a new transit hub and new transportation infrastructure including on-island alternative fuel shuttles, off-island buses and ferries.
8. TIDA has established a goal of creating a community that sets an international model for environmentally sustainable development, which could include components such as high level green building standards, renewable on-island energy generation, innovative stormwater treatment technologies, and habitat creation and regeneration.
9. Remediation of contamination enabling the uses and benefits described herein.
10. Creation of thousands of construction and permanent jobs, including employment, training programs and business opportunities targeted to formerly homeless, economically disadvantaged, San Franciscans and Disadvantaged and Small Business Enterprises.
11. Tax revenues created through sales taxes, transient occupancy tax, property tax, etc., will benefit the City.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part outlines the various methods and tools used to collect and analyze data. It mentions the use of surveys, interviews, and focus groups to gather information from stakeholders. Additionally, it discusses the application of statistical analysis to interpret the collected data.

3. The third part describes the process of identifying trends and patterns in the data. It highlights the need for a systematic approach to data analysis, involving the identification of key variables and the use of appropriate statistical techniques.

4. The fourth part focuses on the communication of findings to the relevant stakeholders. It stresses the importance of presenting the results in a clear and concise manner, using visual aids such as charts and graphs to enhance understanding.

5. The fifth part discusses the implications of the findings for the organization's strategy and decision-making. It suggests that the results should be used to inform policy development and to guide the implementation of various initiatives.

6. The sixth part concludes the document by summarizing the key points and reiterating the importance of ongoing monitoring and evaluation. It encourages the organization to remain committed to the principles of transparency and accountability throughout its operations.



COOPERATIVE UTILITY AGREEMENT

06/09/06

- A. The State of California, acting by and through its Department of Transportation ("State"); and the Treasure Island Development Authority ("TIDA"), a redevelopment agency under state law and acting as the local reuse authority designated by the Federal Office of Economic Adjustment for the purposes of converting the former Naval Station Treasure Island (the "Base"), located within City limits, to productive civilian uses; are entering into this Cooperative Utility Agreement ("CUA") effective this _____ day of ____ 2006, authorizing State to install one 750 KCMIL, with nominal capacity of 12.9 mega-volt ampere ("MVA") ("Single Cable") or two 1000 KCMIL, each with nominal capacity of 14.9 MVA ("Double Cables") armored submarine electrical supply cables, including new vault connections in the City of Oakland to the existing 750 KCMIL, with nominal capacity of 12.9 MVA submarine cable ("Existing Cable") utility vault connection at Treasure Island, as a replacement for that one Existing Cable that might interfere with construction of the San Francisco-Oakland Bay Bridge East Span Seismic Safety Project in its present location; and
- B. The United States Department of the Navy ("Owner"), is negotiating for the transfer to TIDA of portions of the Base, including the electrical distribution system that is currently supported by the Existing Cable; and
- C. On January 3, 1995, City adopted Resolution No. 27-95, designating Treasure Island and Yerba Buena Island (collectively, the "Islands") as a redevelopment survey area under state law and on May 5, 2005, meeting in joint session, the TIDA Board of Directors and the City's Planning Commission adopted resolutions certifying an Environmental Impact

Report for the proposed transfer of title to portions of the Islands from Owner to TIDA;
and

- D. Owner and State have entered into a Memorandum of Agreement dated September 9, 2005, a copy of which is attached hereto and made a part hereof as Exhibit A, under which State agreed to replace the Existing Cable with a relocated Single Cable and issue an encroachment permit for that Single Cable at no cost to Owner or its successors in interest, and Owner agreed, for itself and its successors in interest, (i) to issue a license at no cost allowing State to install the Single Cable by anchoring it at the Oakland and Treasure Island terminus utility vaults, and (ii) that State's satisfactory completion of the replacement and relocation of such Single Cable and the issuance of a new encroachment permit would satisfy State's obligation to replace a structure on Yerba Buena Island, known as "Building 213", taken pursuant to that certain Agreement and Quitclaim Deed from the United States of America to State, recorded in the Official Records of the City and County of San Francisco as Document Number 2000-G855531-00; and
- E. TIDA, in consultation with its electrical engineering consultants and the San Francisco Public Utilities Commission, has since determined that the higher-capacity Double Cables, instead of the Single Cable, would make a significant contribution to conversion of the Base to civilian use and would enhance TIDA's ability to proceed with a redevelopment plan for the Islands; and
- F. TIDA has requested that State now install the Double Cables to the Cable Specifications, as defined below, in lieu of the Single Cable, and has agreed to reimburse the State for the resultant incrementally higher material and installation costs as set forth herein.

It is hereby mutually agreed that:

I. WORK TO BE DONE

- A. In accordance with the terms of the Memorandum of Agreement, State shall design and install the Double Cables meeting the specifications set forth in that Caltrans "Notice to Contractors and Special Provisions for Construction Adjacent to State Highway in San Francisco and Alameda Counties from Treasure Island to 1.5 KM West of the Toll Plaza" dated November 7, 2005 (the "Cable Specifications"), the cover page of which is attached hereto as part of Exhibit B. State shall procure all necessary contractors and obtain all necessary third party permits and approvals for either a Double Cable or a Single Cable installation on Owner's & TIDA's behalf. Except as is expressly provided herein to the contrary, State shall not modify the Cable Specifications without TIDA's prior written approval. The work described in this Section I.A is referred to collectively herein as the "PROJECT."
- B. In accordance with Section 4.A of the Memorandum of Agreement, State shall ensure that its contractors are notified that work on the San Francisco-Oakland Bay Bridge East Span Seismic Project must not endanger the Existing Cable prior to and during the period that the replacement Single Cable or Double Cables are being installed, anchored at the vault locations, tested, and certified as operational and in good working condition, which testing and certification shall be completed no later than ten (10) days after State notifies TIDA that State's portion of the cable installation is complete. State shall instruct the contractor performing the demolition and removal of the existing eastern span of the San Francisco-Oakland Bay Bridge (i) to not endanger or damage the Single Cable or Double Cables after such cables have been installed and (ii) to not interrupt the supply of electricity to the Islands through the replacement cable(s).

C. TIDA hereby acknowledges that it has reviewed the State's construction plan ("Plan") dated January 31, 2006, and agrees to the cable installation in the manner proposed. State hereby acknowledges that the Cable Specifications have been or will be fully incorporated into any contract that State enters into for the construction and installation of such cables. Owner and TIDA will promptly issue any licenses, easements, permits or approvals necessary for implementation of the Plan on property under their joint or several jurisdiction or control at no cost to State and its contractors so as not to delay said installation. Such licenses, easements, permits and approvals shall be in a form that Owner or TIDA customarily issue to third parties entering property under their jurisdiction to perform construction activities. Any substantive deviations from the Plan must be agreed upon in writing in advance by TIDA in accordance with the procedures set forth in Section III.E. below. TIDA shall not unreasonably withhold that approval due to PROJECT cost increase issues. Any such change will constitute an approved revision of the Plan and will become part of this CUA, except that TIDA shall have no obligation to pay for any cost increase arising out of any Plan change that has not been countersigned and agreed to by TIDA.

D. Construction cost increases resulting from changes in scope of the contractor's Double Cable work will become costs reimbursable to State by TIDA under this CUA when such changes in scope have been agreed to in writing by TIDA prior to the commencement of such changed scope of work unless those changes are undertaken as a Contract Change Order (CCO) issued by State as authorized pursuant to Section III.E hereinbelow. Any cost increases from changes in scope not approved by TIDA shall be State's responsibility. The Parties hereby acknowledge and agree that any negligent loss, damage or destruction of the cables caused by State prior to the State's quitclaim to Owner or TIDA as set forth below, shall be State's responsibility except to the extent that

such loss, damage or destruction is caused solely by third parties, Owner, TIDA, or acts of God or the common enemy.

- E. While Owner and TIDA will have the right to inspect all work during installation, any comments and concerns shall be directed through the State's Resident Engineer and not to the contractor. Upon (i) completion of said installation in accordance with the Cable Specifications, the Plan, and any Plan change countersigned by TIDA and (ii) State's acceptance of the work, State shall quitclaim all of its right, title and interest in one of the two installed and relocated Double Cables to TIDA (the "TIDA Double Cable") and quitclaim all of its right, title and interest in the other newly installed Double Cable to Owner. Should the State only install a Single Cable, it shall be quitclaimed to Owner or as otherwise directed in writing by Owner. Additionally, State shall assign to Owner, TIDA, or TIDA's designee, all (a) warranties required under the specifications set forth in Exhibit B and the Plan and (b) all encroachment permits necessary to maintain and operate such cables. Such assignment of warranties and permits shall be at no cost to Owner, TIDA, or TIDA's designee, and shall be the State's standard form when issued to Owner, TIDA, or TIDA's designee.
- F. Provided that the Project work has been completed as stated above in a good and worker-like manner, TIDA agrees to accept control, possession and ownership of the TIDA Double Cable or the one Single Cable and the Existing Cable to the extent that Owner has transferred title to the Single Cable and the Existing Cable to TIDA. State hereby acknowledges and agrees that the Cable Specifications require the State's contractor to install the Oakland utility vault for the Double Cables, pull the submarine cable(s) into the vaults, wire, and prepare for connecting the cable(s) to the existing electrical distribution system, and contract and work with the local utility (i.e., SFPUC), including paying any required utility fees for the scheduled shutdown, to allow State contractors or

those utilities to connect the new cable(s) to the existing electrical distribution system at Treasure Island and Oakland, respectively.

- G. State will issue such standard forms of State permits, easements or licenses as may be necessary to allow Owner's and/or TIDA's use and maintenance of the replacement cable(s) installed on State right of way. State shall also obtain all necessary permits and approvals from any other entity having jurisdiction over the placement, installation, construction, operation or maintenance of the Single Cable at no cost to TIDA or as a shared cost for the Double Cables in the event there are any required mitigation measures in excess of the Single Cable, including, without limitation, the connections of such cable(s) at each utility vault. Upon the State's satisfactory completion of its obligations under this CUA, State shall have no further duties or obligations as respects either a new replacement for Building 213, the replacement Single Cable or Double Cables, and that replaced Existing Cable and any subsequent protection, removal, replacement or other responsibility of any nature whatsoever relative to said Building 213 and the cable(s). The Parties hereby re-affirm the substitution of this obligation herein.

II. REIMBURSEMENT TO STATE FOR INCREMENTAL COSTS

- A. State has agreed to relocate and replace the Existing Cable with a Single Cable as set forth above at no cost to Owner or TIDA and without unreasonable interruption of electric power to Treasure Island or Yerba Buena Island. In exchange, Owner has agreed to relieve State of its obligation to replace Building 213 on Yerba Buena Island. The Parties have agreed that the estimated contract cost to relocate and replace the Existing Cable with a Single Cable is \$3,175,658 (the "Baseline Estimate"), which amount does not include any CCOS, contingencies, and State's administrative costs (collectively the "Administrative Costs"). The State has now agreed to apply that Baseline Estimate sum

as State's contribution toward the cost of the installation of the Double Cables as set forth in this CUA.

- B. State and TIDA have also agreed that the estimated total contract cost for the installation of the Double Cables requested by TIDA is \$6,631,741 (the "Upgrade Estimate"), which amount does not include any Administrative Costs. While the Baseline Estimate and the Upgrade Estimate are utilized as fixed indexes of State's and TIDA's anticipated costs for the PROJECT, all parties recognize that after contractor procurement by competitive bidding and the completion of State's Double Cable installation duties, such costs may vary because of the actual final bid costs incurred. Accordingly, State and TIDA have agreed that all PROJECT costs in excess of the Upgrade Estimate will be apportioned between the State and TIDA on the following prorata basis: 51.7% to TIDA and 48.3% to State.
- C. State shall be responsible for the payment of (i) the first of \$3,175,658 of its contractor's Double Cables bid costs, (ii) 48.3% prorata share of Double Cables contractor costs in excess of the Upgrade Estimate, and (iii) 48.3% of all Administrative Costs associated with that Double Cables installation. TIDA shall reimburse (iv) State's contractor costs in excess of \$3,175,658 up to the level of the Upgrade Estimate, (v) 51.7% of Double Cables contracted installation costs in excess of the Upgrade Estimate, and (vi) 51.7% of all Administrative Costs incurred by State for the installation of the Double Cables commencing from the first dollar spent by State. Administrative Costs are calculated by State using its BEES project cost accounting system and will include CCO costs incurred by the State for the protection of persons and property CCOs costing \$100,000 or less, and CCOs above \$150,000 approved by TIDA as well as contractor claim items paid by the State for work performed that was not paid as part of the contract bid price, but allowed subsequently in accordance with this CUA.

Alternatively, if State is unable to award a contract for the Double Cables and instead awards a contract for a Single Cable, State shall have its contractor assume full responsibility for any required modifications necessary to configure the two termini utility vaults at the Islands and in Oakland to accept the Single Cable and shall pay for all disconnect costs for the Existing Cable, all replacement Single Cable connection Costs at those termini vaults in Oakland and at the Islands, and all contractor and Administrative costs. All contractor, State, and other costs for that Single Cable under an alternate second bid, to be initiated by State only subsequent to any rejection by TIDA as respects the Double Cables bid should those Double Cables bid costs exceed TIDA's funding ability (as determined by TIDA), will not create any financial liability for TIDA or CITY.

- D. Only if State awards a contract for the installation of the Double Cables, then upon (i) completion of cable installation in accordance with the Cable Specifications and Plan, (ii) successful testing of the Double Cables, (iii) inspection and approval by TIDA, and (iv) State's final acceptance of the work and final payments to its contractor, State shall adjust the estimated costs for each item or category show the actual amounts incurred by State and paid by State to its contractor for the installation of the Double Cables in accordance with this CUA and will prepare the Initial Reimbursement Statement (as defined in Section IV.B below) addressed to TIDA for the direct and proportionate Double Cables contractor costs and Administrative Cost reimbursements due and payable to State. TIDA shall reimburse State for (i) those contractor costs exceeding \$3,175,658 up to the Upgrade Estimate, (ii) 51.7% of State's total Contractor Costs in excess of the Upgrade Estimate, and (iii) 51.7% of the Administrative Costs accumulated and reported under BEES for the entire PROJECT.

III. PROCUREMENT AND CONTRACTOR OVERSIGHT

- A. State will incorporate the Cable Specifications and the Plan referenced in Section I above into a request for bids for contractor procurement action for installation of the replacement Double Cables (and if a Double Cables contract cannot be awarded, then for a Single Cable) and the associated anchorage points at the termini vaults for scheduled connections in accordance with the Cable Specifications.
- B. After State has quitclaimed its interest in the Double Cables and assigned all warranties to TIDA and Owner, respectively, as set forth in Section I.E above, TIDA shall reimburse State for TIDA's agreed share of the costs assumed and paid by State in conformance with the cost allocation agreed upon by the Parties in Section II above and in accordance with Section IV.E. TIDA shall have no obligation to reimburse any State costs if State only installs the Single Cable or if State fails to quitclaim its interest in such Double Cables to TIDA and the Owner or the Single Cable to Owner as set forth above.
- C. The Parties agree that State may accept a bid for the Double Cables that is higher than the Upgrade Estimate only after written notice to TIDA and TIDA's written consent. State shall allow ten (10) working days for TIDA to review all bids and thereafter, State and TIDA shall meet and confer as set forth in Section III.D below. Once TIDA consents in writing to a bid that exceeds the Upgrade Estimate, TIDA shall be responsible for reimbursing State (i) the difference between the Baseline Estimate and the actual Upgrade Estimate to install the Double Cables, (ii) 51.7% of Contractor Costs in excess of the Upgrade Estimate, and (iii) 51.7% of State's Administrative Costs reported under BEES for the entire PROJECT.
- D. If the low bid under consideration is more than \$150,000 in excess of the Upgrade Estimate, State and TIDA shall meet and confer to perform a comparison and evaluation

of the low bid and the Caltrans engineering estimate to determine (i) the cause(s) for the difference and to discuss potential action items and (ii) whether the Double Cables contract can feasibly be re-bid. In the event the low bid cannot be accepted because TIDA, in its sole discretion, is unwilling to accept that cost increase or a re-bid is not feasible, State may accept a subsequent bid for a Single Cable equivalent in size and capacity to the Existing Cable. The only circumstance under which the State will have the right to install the Single Cable instead of the Double Cables is if a Double Cables contract cannot be awarded because TIDA has not accepted the cost increase in the low bid or the rebid is not feasible. The installation of such a Single Cable shall conform to the terms of this CUA and TIDA and City shall have no reimbursement obligations for any costs incurred by State for such Single Cable.

- E. State and its contractor will allow TIDA to inspect all cable installation work and, except for CCOs required solely for the safety of the public (including project personnel) and/or for the protection of property and CCOs that do not exceed \$150,000, for which TIDA approval is not necessary, TIDA shall have ten (10) working days to review and approve all CCOs requiring an increase of over \$150,000 of the total contract bid price prior to State's approval and submittal of a CCO for TIDA's countersignature accepting such costs. State shall provide, or cause to be provided to TIDA, all proposed CCO plans and specifications with respect to any change, addition or alteration to the Cable Specifications or the Plan, together with notice of any delay in the anticipated date of substantial completion that would result from any CCO. Upon TIDA's receipt of such plans and specifications, TIDA shall have ten (10) working days to disapprove in good faith any element thereof that requires TIDA approval. If TIDA does so, then TIDA shall notify State within such period of the reasons for its disapproval and of the revisions that TIDA reasonably requires in order to provide an approval consistent with the terms of this CUA. As soon as reasonably possible thereafter, but in no event later than five (5)

days after receipt of such notice, State shall submit to TIDA documents incorporating the required revisions. Such revisions shall be subject to approval by TIDA, which shall not be unreasonably withheld or delayed. Such revisions shall be deemed approved by TIDA if TIDA fails to notify State of any objection within ten (10) working days after receipt of the revision. CCOs initiated by State solely for the safety of the public (including project personnel) and/or for the protection of property and CCOs that do not exceed \$150,000 shall be immediately implemented by State and will be deemed accepted by TIDA when issued, provided that State shall provide TIDA with a copy of all CCOs issued for public safety or protection purposes promptly after State has issued such CCO. State shall send copies of all CCOs to TIDA at the addresses set forth in Section V.B. below.

IV. ADJUSTMENTS AND REIMBURSEMENT

- A. The Parties shall work cooperatively to calculate and verify the amount of reimbursement due State by TIDA.
- B. Upon making final payment to the contractor for the installation of the Double Cables in accordance with TIDA's Cable Specifications and the Plan, State shall prepare a draft statement (the "Initial Reimbursement Statement"), together with an interim itemized invoice of all costs to be charged to TIDA under this CUA and will provide copies to TIDA for review at the addresses set forth in Section V.B below. The invoice shall include an explanation, including documentation, referencing all CCOs by date and number.
- C. TIDA shall have thirty (30) days to review the Initial Reimbursement Statement and interim invoices and make requests for additional information and documentation of costs. The Parties shall meet within thirty (30) days of the date that State responds in

writing to any TIDA requests for additional information in order to develop a final statement (the "Final Reimbursement Statement") which shall include the final itemized amounts agreed to by the State and TIDA for the PROJECT and the total invoiced amounts that TIDA must reimburse State pursuant to the schedule shown in Section IV.E below.

D. Adjustments to the Initial and Final Reimbursement Statements shall be subject to the final resolution of all claims, disputes and any litigation between State and its contractor(s) relating in any way to the Double Cable installation costs.

E. TIDA shall reimburse State the full amount agreed upon in the Final Reimbursement Statement,

together with interest thereon, (computed commencing upon the date that State quitclaims all of its right, title, and interest in the Double Cables to Owner and TIDA, respectively) and compounded quarterly at the State Treasurer's rate of return on the Pooled Money Investment Account, according to the following schedule; provided, TIDA may prepay any such amounts at any time:

<u>Percentage of Remaining Payment</u>	<u>Timing of Payment</u>
25%	October 1, 2009
33 1/3%	October 1, 2010
50%	October 1, 2011
100%	October 1, 2012

- F. As security for TIDA's obligation to reimburse the State, TIDA shall cause the City, acting by and through its Public Utilities Commission, to concurrently execute a pledge agreement to make such payment on behalf of TIDA in substantially the form of the Pledge and Security Agreement attached to this CUA as Exhibit C.
- G. Until the State has received payment of the full amount agreed upon in the Final Reimbursement Statement and all accrued interest, TIDA will not be allowed or able to use the TIDA Double Cable. Notwithstanding the foregoing, in the event of an emergency, TIDA may use the TIDA Double Cable prior to full reimbursement of the State. Within ____ days after the date of this CUA, TIDA and the State, in consultation with their technical consultants, will agree on a reasonable means of preventing TIDA's use of the TIDA Double Cable prior to full reimbursement of the State, while maintaining (i) the structural and operational integrity of the TIDA Double Cable and (ii) TIDA's ability to activate and use the TIDA Double Cable in the event of an emergency and with minimal delay.

V. MISCELLANEOUS PROVISIONS

- A. This CUA may be revised by mutual consent of the undersigned Parties by issuance of a signed and dated written amendment to this CUA or by a new agreement. Any such revision shall become part of this CUA as if originally written herein.
- B. Notices. Any notice given hereunder shall be effective only in writing and given by delivering the notice in person, facsimile, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

To TIDA: Treasure Island Development Authority

410 Palm Avenue, Building One
Treasure Island
San Francisco, CA 94130
Attention: Director
Fax: (415) 274-0299

With Copies to:

Mayor's Office of Base Reuse and Development
City and County of San Francisco
City Hall, Room 438
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attention: Michael Cohen
Fax: (415) 554-

San Francisco Public Utilities Commission
1155 Market Street
San Francisco, CA 94103
Attention: Sam Larano
Fax: (415) 554-

City Attorney's Office
City and County of San Francisco
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102-4682

Attention: Eileen Malley

Fax: (415) 554-4755

To State: State of California
Department of Transportation
District 4
111 Grand Avenue
Oakland, CA 94612
Attention: District Director

- C. This CUA (including the Exhibits) contains all the representations and the entire agreement between the Parties with respect to the subject matter of this CUA. Any prior correspondence, memoranda, agreements, warranties, or representations relating to such subject matter are superseded in total by this CUA. No prior drafts of this CUA or changes from those drafts to the executed version of this CUA shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other person and no court or other body shall consider those drafts in interpreting this CUA.

IN WITNESS WHEREOF, the Parties have executed this CUA with the intent that it shall become effective on the day and year above written.

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

By: _____
R.A. MACPHERSON Date
Deputy District Director, Right of Way

APPROVAL RECOMMENDED:

By: _____
Name/Title Date

By: _____
Name/Title Date

Approved as to form and procedure: [to come]
TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Date
Executive Director

Treasure Island Development Authority Board
of Directors

Resolution No. _____

Adopted: _____

Attest: _____

Commission Secretary

Approved as to form:

DENNIS J. HERRERA,
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

THE JOURNAL

MEMORANDUM OF AGREEMENT
Between
DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE PROGRAM MANAGEMENT OFFICE WEST
And
CALIFORNIA DEPARTMENT OF TRANSPORTATION
And
FEDERAL HIGHWAY ADMINISTRATION

This agreement is made and entered into by and between the Department of Defense, United States Navy, Base Realignment and Closure Program Management Office West, hereinafter for purposes of this document referred to as the Navy, the State of California Department of Transportation, hereinafter referred to as the State, and the Federal Highway Administration hereinafter referred to as FHWA, and for purposes of this agreement hereinafter referred to collectively as "the Parties".

1. HISTORY AND BACKGROUND:

Under the provisions of title 23 USC 107(d) & 317, setting forth provisions for Federal Land Transfers, the State filed an application with the FHWA, for a right of way over portions of Naval Station Treasure Island (NSTI), required for the seismic retrofit of the western span of the San Francisco-Oakland Bay Bridge (SFOBB), the seismic retrofit of the Yerba Buena Island (YBI) Tunnel, and construction of a new eastern span of the SFOBB, known as the East Span Project, on Interstate 80. FHWA reviewed the application and found it to be reasonably necessary for highway purposes.

In 1993, NSTI, consisting of both Treasure Island (TI) and YBI, was designated for Base Realignment and Closure and ceased active operation in 1997. The Navy maintains NSTI in caretaker status, pending disposal and reuse of the property, while a small portion of YBI continues to function as an active United States Coast Guard (USCG) Station. In recent years, two electrical cables have provided power to TI & YBI; a line from San Francisco, and a 34.5 KV, six-inch armored submarine line, installed from Oakland, under an encroachment permit issued to the Navy by the State. The State has recently determined that foundation piles for the new pier construction of the SFOBB bridge may be driven too close to, and compromise the integrity of, the 34.5 KV cable, now serving as the sole source of electrical power to NSTI and USCG Station, YBI. Protection of the line in place is not considered to be a viable option. The submarine cable is not expected to be operational after construction of the SFOBB and must be de-energized to insure the safety of construction workers in the vicinity of the line.

On October 25, 2000, the United States of America, acting by and through FHWA, conveyed portions of NSTI to the State by Quitclaim Deed as recorded in the City and County of San Francisco, CA, Document Number 2000-G855531-00, hereinafter referred to as the FHWA deed. As a condition of transfer, the State was required to provide replacement of Building 213, a structure utilized for storage of firefighting equipment, on YBI or TI, at a site to be identified.

2. PURPOSE AND BENEFIT.

It is the purpose of this agreement to establish the basis on which the Parties shall meet the requirements identified in the FHWA deed and the encroachment permit issued by the State, thereby allowing power to be maintained to NSTI; relieving the State of the requirement to replace Building 213, and assuring that the Parties will continue to refine their communication

ORIGINAL

copy

and partnering efforts to meet the commitments and goals of each agency, while providing for the effective and efficient use of public funds.

3. AUTHORITY:

This agreement is established in accordance with the following laws and regulations:

Title 23 USC, Section 317 & 107(d); Public Law 101-510, Defense Base Closure and Realignment Act of 1990, as amended, (10 USC 2687), 23 CFR, Part 710, Subpart F, Subsection 710.601, and other applicable laws and regulations.

Pursuant to California Streets and Highways Code, section 94, the State is authorized to make and enter into such contracts as are required for performance of its duties

4. IMPLEMENTATION AND PROCEDURES:

The Parties agree to the following conditions, in order to insure a continuing source of power to TI & YBI, to resolve any dispute over responsibility for relocating the cable, to eliminate delays in the construction schedule of the East Span Project, due to the safety issues associated with existing submarine electrical cable, and to satisfy the State's financial liability for a replacement facility for Building 213:

- A. The State will waive any rights it holds under State Permit No. 0489-NUT1808, of March 26, 1990, (Permit) to require the Navy to relocate the Existing Cable. The State will relocate and replace the Existing Cable without cost or expense to the Navy or its successor, and without unreasonable interruption of electric power to Treasure Island and Yerba Buena Island as currently provided by the Existing Cable. Waiver of any such rights shall be documented by a modification to the Permit or as otherwise agreed to by the State and the Navy.
- B. In consideration for the State's waiver of its rights under the Permit and for its relocation of the Existing Cable as provided under Paragraph 4A above, the Navy and FHWA will waive any rights held by the Federal Government to require the State to replace Navy-owned Building 213 on Yerba Buena Island, under Article 1.F of a Quitclaim Deed, of October 25, 2000, (Quitclaim Deed) by which the FHWA conveyed certain Navy property to the State to accommodate the Project. None of the Parties shall be otherwise obligated to replace said Building 213. Waiver of such rights under the above said Quitclaim Deed shall be documented through an amendment to said Quitclaim Deed or as otherwise agreed to by the State, FHWA and the Navy.
- C. Only a portion of the Existing Cable is subject to the Permit; however, it is the intention of the State to replace the entire Existing Cable running from Oakland to Treasure Island. The State will design, construct and install the Replacement Cable at its own cost, and the State will, in the Navy's or its named successor's name, obtain all necessary permits and approvals for the new cable including connections to the electrical system at both ends of the cable at Treasure Island and Oakland, provided that no permit or other approval shall be issued in the Navy's name without prior written approval of the terms by the Navy. The Navy will supply to the State copies of all permits and approvals from third parties that were issued for the existing cable and if requested help facilitate, at no cost to the Navy, amendments to the original permits and approvals. The Navy or its successor in interest will issue the State a license at no cost allowing it to construct and

ORIGINAL

install the Replacement Cable at its terminus on upland or submerged portions of Treasure Island.

- D. Design and completion of the Replacement Cable shall be subject to approval of the Navy or its successor in interest as applicable. Navy or its successor in interest shall have the opportunity to inspect during construction.
- E. In the event the Navy conveys its interest in the Existing Cable to another party prior to relocation and replacement of the Existing Cable, any such conveyance shall be made subject to any agreements negotiated by the Parties hereunder. In such event, the State will allow assignment of the Permit to the Navy's successor in interest, or alternatively, issue another permit, containing substantially the same or identical terms, to said successor.
- F. Upon completion of the Replacement Cable, the State shall quitclaim all of its right, title and interest in the Replacement Cable to the Navy or its successor in interest. Such conveyance shall be evidenced by a no cost Bill of Sale to the Navy or other appropriate instrument as agreed to by the parties.
- G. Upon relocation and replacement of the Existing Cable, the State will terminate the Permit, and issue a New Permit to the Navy, or its successor in interest, covering the Replacement Cable. If the New Permit is issued to the Navy, it shall be assignable to the Navy's successor in interest or, alternatively, it will provide for issuance of a separate permit to the successor in interest. Assignment or issuance of any permit shall be at no cost to the assignee or permittee.
- H. All of the State's obligations hereunder are subject to the appropriation of resources by the Legislature and the allocation of resources by the California Transportation Commission, the Bay Area Toll Authority and/or the Toll Bridge Program Oversight Committee

5. CONFLICT RESOLUTION:

If a dispute arises under this Agreement, the Parties agree to attempt to resolve the dispute at the staff level. Should staff-level discussions not result in resolution, the Parties agree to elevate the dispute to mid-level management for resolution. Should such a mid-level elevation not result in resolution of the dispute; the parties agree to raise the issue with senior management at each agency. Each agency shall have discretion to determine who should represent it at any staff-level, mid-level, or senior-level meeting convened pursuant to this section. If any issue should prove irresolvable at the senior management level, the Parties may pursue whatever remedies they may have at law or equity.

6. NOTICE:

Any notice, if given, shall be in writing and will be provided to each of the parties at the following addresses listed below:

BRAC PMO West
Attn: Director BRAC PMO West
1455 Frazee Road, Suite 900
San Diego, CA 92108

ORIGINAL

State of California Department of Transportation
District 4
Attn: District Director
111 Grand Avenue
Oakland, CA 94612

Federal Highway Administrator
Attn: Division Administrator
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814

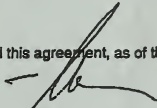
7. DOCUMENT REVISION:

This agreement may be revised by mutual consent of the Parties, by the issuance of a written amendment, signed and dated by the Parties. The amendment shall become part of the agreement, as if originally written therein.

8. APPROVAL:

In witness whereof, the Parties hereto have executed this agreement, as of the last date written below:

8/4/05
Dated: _____



William R. Carsillo
Real Estate Coordinator
Base Realignment and Closure Program
Management Office West

Dated: _____

Bijan Sartipi, District Director
State of California, Department of Transportation

Dated: _____

Gene K. Fong
Division Administrator
Federal Highway Administration

Approved as to form

Tony Anziano
Assistant Chief Counsel
State of California
Department of Transportation

ORIGINAL

EXHIBIT B

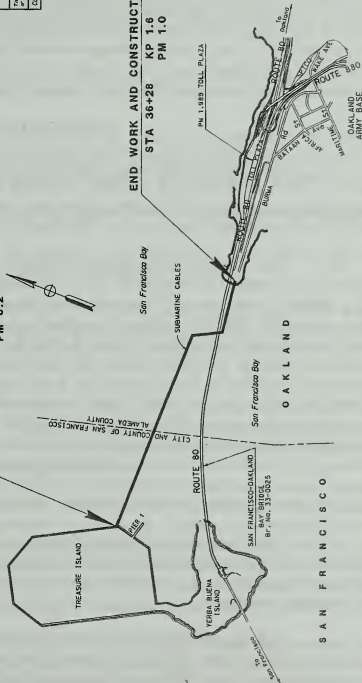
Design Plans and Specifications from TIDA/PUC

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
PROJECT PLANS FOR CONSTRUCTION ADJACENT TO
STATE HIGHWAY
IN SAN FRANCISCO AND ALAMEDA COUNTIES
FROM TREASURE ISLAND
TO 1.6 KM WEST OF THE TOLL PLAZA

To be supplemented by Standard Plans dated July, 2004

BEGIN WORK AND CONSTRUCTION
STA 5+00 KP 13.2
PM 8.2

END WORK AND CONSTRUCTION
STA 36+28 KP 1.6
PM 1.0

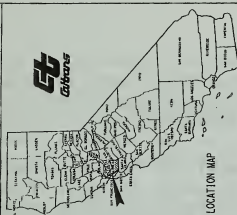


DRAFT

CITY COUNTY ALBERTA
04 SF AIG 80
13.27112
606718



LOCATION MAP



The State of California is not responsible for the accuracy or completeness of the information contained herein. The user of this information is advised to verify the accuracy and completeness of the information before using it for any purpose. The user of this information is advised to verify the accuracy and completeness of the information before using it for any purpose.



Professional Engineer
No. 13330
12-12-03

PLANS APPROVED: DATE

The Contractor shall possess the Class (or Classes) of license as specified in the Notice to Contractor.

NO SCALE

CONTRACT NO. 04-0120K4

CU 24254

13.27112
606718

04

05

06

07

08

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

EXHIBIT C

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "**Pledge Agreement**"), dated as of _____, 2006, by and among the TREASURE ISLAND DEVELOPMENT AUTHORITY ("**TIDA**"), a redevelopment agency under state law and acting as the local reuse authority designated by the Federal Office of Economic Adjustment for the purposes of converting the former Naval Station Treasure Island (the "**Base**"), the CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission (collectively referred to herein as the "**City**"), and the STATE OF CALIFORNIA, acting by and through its Department of Transportation (collectively referred to herein as, the "**State**").

RECITALS

A. The United States Department of the Navy ("**Owner**"), is negotiating for the transfer to TIDA of portions of the Base, including the electrical distribution system that is currently supported by one 750 KCMIL cable with nominal capacity of 12.9 mega-volt ampere ("**MVA**") and is referred to herein as the "**Existing Cable**"; and,

B. State and the United States Government, acting by and through its Department of the Navy (the "**Navy**") have entered into a Memorandum of Agreement dated September 9, 2005 ("**MOA**") under which State agreed to relocate and replace the Existing Cable with another single 750 KCMIL cable with nominal capacity of 12.9 MVA (the "**Replacement Cable**") and issue an encroachment permit for that Replacement Cable at no cost to Navy or its successors in interest, and Navy agreed, for itself and its successors in interest, (i) to issue a license at no cost allowing State to install the Replacement Cable by anchoring it at the Oakland and Treasure Island terminus utility vaults, and (ii) that State's satisfactory completion of the replacement and relocation of such Replacement Cable and the issuance of a new encroachment permit would satisfy State's obligation to replace a structure on Yerba Buena Island, known as "Building 213", taken pursuant to that certain Agreement and Quitclaim Deed from the United States of America to State, recorded in the Official Records of the City and County of San Francisco as Document Number 2000-G855531-00; and,

C. TIDA has requested that State install two 1000 KCMIL cables, each with nominal capacity of 14.9 MVA (the "**Double Cables**") in lieu of the Replacement Cable, and has agreed to reimburse the State for the resultant incrementally higher material and installation costs for such Double Cables; and,

D. In a separate Memorandum of Agreement dated June __, 2006 between TIDA and the Navy (the "**Navy MOA**"), the Navy agreed that if the State installs the Double Cables in lieu of the Replacement Cable, TIDA may own one of the Double Cables once State has completed the installation of such Double Cables; and,

E. In connection with the installation of the Double Cables, State and TIDA have entered into that certain Cooperative Utility Agreement dated June __, 2006, (the "CUA") under which the State has agreed to install the Double Cables according to specifications approved by TIDA, and TIDA agreed to reimburse State the estimated incremental increase between the cost of installing the Double Cables over the cost of installing the Replacement Cable in accordance with the terms and conditions of the CUA (the "Reimbursement Obligation"); and,

F. Under the CUA, State has agreed to allow TIDA to reimburse the State for the Reimbursement Obligation costs in four equal annual installments beginning on October 1, 2009, provided that TIDA provide the State with security for TIDA's obligation to pay such Reimbursement Obligation; and,

G. To induce the State to enter into the CUA, the City is entering into this Pledge Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth in this Pledge Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the TIDA, TIDA and City agree as follows:

1. Incorporation of Recitals; Definitions; Interpretation; Reference Materials.

1.1. **Incorporation of Recitals.** The recitals set forth above are, by this reference, incorporated into and deemed a part of this Pledge Agreement.

1.2. **Definitions.** Capitalized terms used in this Pledge Agreement shall have the meanings given to those terms in this Pledge Agreement. Capitalized terms used in this Pledge Agreement and not otherwise defined in this Pledge Agreement, shall have the meanings given to those terms in the CUA.

1.3. **Interpretation.** Words importing any gender include all genders. The singular form of any word used in this Pledge Agreement shall include the plural, and vice versa, unless the context otherwise requires. Words importing persons include natural persons, firms, associations, partnerships, corporations and public entities.

1.4. **Reference Materials.** Sections cited by number only refer to the respective sections of this Pledge Agreement so numbered. Reference to "this section" or "this subsection" shall refer to the particular section or subsection in which such reference appears. Any captions, titles or headings preceding the text of any section and any table of contents or index attached to this Pledge Agreement are solely for convenience of reference and shall not constitute part of this Pledge Agreement or affect its meaning, construction or effect.

1.5. **Effective Date.** The parties agree that this Pledge Agreement is dated as of the date first above written for convenience of the parties, and agree that it shall be effective on, from and after, and all representations and warranties shall be made as of, the date upon has been duly signed by a duly authorized representative of each party, approved by the TIDA Board of Directors, the City's Public Utilities Commission, and the City's Board of Supervisors, respectively, and delivered to each party.

2. **Pledge of Collateral.**

2.1. **Pledge.** Subject to the provisions of Section 2.2 below, the City hereby irrevocably pledges, assigns, grants, transfers, and sets over to State, and there is hereby created in favor of State, a continuing security interest in all of the City's right, title and interest in and to the following property (collectively, the "**Collateral**") for the benefit of the State:

(a) all funds, remaining after payment for those purposes set forth in Section 16.103 of the City's Charter, including but not limited to the commitments described in Section 2.2 below, now on deposit or hereafter deposited to the Hetchy Operating Fund, Fund Balance as described in Section 2.3 below, in an amount not to exceed the then outstanding balance of the Reimbursement Obligation, until TIDA's then current obligation to pay the State under the Reimbursement Obligation is fully discharged or otherwise satisfied;

2.2. **Other Commitments.** The State, TIDA, and City hereby acknowledge and agree that the City's obligation to provide payment under Section 2.1 and 4.2 of this Pledge Agreement shall be subordinate to the obligations and covenants of the City's Power Enterprise (as defined in Section 2.3 below) to the holders of indebtedness (the "**Bondholders**") secured by the revenues of the Power Enterprise (the "**Bonds**"), if and when such Bonds are issued.

2.3. **Power Enterprise.** For the purposes of this Pledge Agreement, the City's Power Enterprise is the enterprise of the City's Public Utilities Commission responsible for the provision of hydroelectric power to government operations and other users. The Power Enterprise provides supplies of electric power to meet the electricity needs of the City's customers and to satisfy the municipal loads and agricultural pumping demands of the Modesto and Turlock Irrigation Districts consistent with prescribed contractual obligations and federal law. The Power Enterprise's assets include Hetch Hetchy hydroelectric generation, third party purchases and any other power generation assets subsequently acquired by the Enterprise. The City's Public Utilities Commission is comprised of the Power Enterprise and two other enterprises, the Water Enterprise and the Wastewater Enterprise. Each of the City's Public Utilities Commission's enterprises is operated and managed as a separate financial entity and separate enterprise funds are maintained. For the Power Enterprise, the Public Utilities Commission maintains and deposits revenues to the Hetchy Operating Fund, Fund Balance as stated in the City's Annual Appropriation Ordinance. The State acknowledges and agrees that the revenues of the Water Enterprise and the Wastewater Enterprise are not available for payment of the City's obligations under this agreement.

2.4. **Security for Obligations.** This Pledge Agreement secures the payment in full of the Reimbursement Obligation to the State under the CUA.

3. **Further Assurances.** Except as otherwise stated in Sections 2.1 and 2.2 above, City agrees that, from time to time, at its own expense, it will:

3.1. Protect and defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein, and preserve and protect the State's security interest in the Collateral.

3.2. Promptly execute and deliver to the State all instruments and documents, and take all further action necessary or desirable, as the State may reasonably request to (a) continue, perfect, or protect any security interest granted or purported to be granted hereby, and (b) enable the State to exercise and enforce any of its rights and remedies hereunder with respect to any Collateral.

4. Events of Default; Rights and Remedies.

4.1. **Event of Default.** For purposes of this Pledge Agreement, "Event of Default" means the failure by the TIDA to pay the State, at the times and in the manner in which the same is due and payable under the CUA, any installment of the Reimbursement Obligation required to be paid to the State.

4.2. **State's Remedies Upon TIDA's Default.** If any Event of Default has occurred and is continuing after 30-days written notice of the Event of Default has been provided by the State to TIDA and to City, then within ten (10) City business days following City's receipt of a written demand for payment from the State, City shall pay to the State the full amount of TIDA's past due installment of the Reimbursement Obligation together with all interest accrued and owing thereon.

The foregoing rights and remedies may be exercised as often as occasion therefore shall arise, it being agreed by TIDA and City that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse.

4.3. **No Additional Waiver Implied by One Waiver.** If either the TIDA or City shall fail to perform any obligation it is required to perform under this Pledge Agreement, and such failure is thereafter waived by the State, such waiver shall be limited to the particular failure so waived and shall not be deemed to waive any other failure to perform as required under this Pledge Agreement. Any forbearance by the State to demand payment of any amounts payable under this Pledge Agreement shall be limited to the particular payment for which the State forbears demand for payment and shall not be deemed a forbearance to demand any other amount payable under this Pledge Agreement.

5. Miscellaneous Provisions.

5.1. **Fee; Costs and Expenses; Indemnification.** TIDA and City agree to reimburse the State, on demand, for all reasonable costs and expenses actually incurred by the State in connection with the enforcement of this Pledge Agreement and agree to indemnify and hold harmless the State from and against any and all losses, costs, claims, damages, penalties, causes of action, suits, judgments, liabilities and expenses (including, without limitation, reasonable attorneys' fees and expenses) actually incurred by the State in connection with this Pledge Agreement, unless such liability shall be due to willful misconduct or negligence on the part of the State or its agents or employees. Any and all amounts expended by the State pursuant to this Section 5.1 shall be repayable to it by the TIDA or the City upon the State's written demand therefor.

5.3. **Entire Agreement.** This Pledge Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, amongst the parties to this Pledge Agreement with respect to the subject matter of this Pledge Agreement. This Pledge Agreement may not be amended, changed, waived or modified except by a writing executed by all parties hereto.

5.5. **Notices.** All notices, consents, communications or transmittals required by this Agreement must be made in writing and may be communicated by personal delivery facsimile (if followed within one (1) business day by first class mail) or by United States certified mail, postage prepaid, return receipt requested. Delivery will be deemed complete as of the earlier of actual receipt (or refusal to accept proper delivery) or seven (7) days after mailing, *provided that* any notice that is received after 5 p.m. on any day or on any weekend or holiday will be deemed to have been received on the next succeeding business day. Notices must be addressed as follows:

To the City: Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103
Attn: General Manager

To TIDA: Treasure Island Development Authority
410 Palm Avenue, Building One
Treasure Island
San Francisco, CA 94130
Attn: Director of Island Operations

Copies to: Mayor's Office of Base Reuse and Development
City Hall, Room 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attention: Director

San Francisco City Attorney's Office
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attention: Eileen Malley

To State: State of California
Department of Transportation, District 4
111 Grand Avenue
Oakland, CA 94612
Attention: District Director

or any other address a party designates from time to time by written notice sent to the other party in manner set forth in this Section.

5.6. **Governing Law.** This Pledge Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles except to the extent that Federal laws may prevail.

5.7. **Severability.** If any term or other provision of this Pledge Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Pledge Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in

good faith to modify this Pledge Agreement so as to effect the original intent of the transactions contemplated hereby.

5.8. **Multiple Counterparts.** This Pledge Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

The **TIDA**, State, and the City have caused this Pledge Agreement to be signed, on the date first written above, by their respective officers duly authorized.

THE STATE:

CITY:

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through its Public Utilities
Commission

By: _____

R.A. MacPherson
Deputy District Director,
Right of Way

By: _____

Name: Susan Leal
Title: General Manager

TIDA:

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____

Name: _____

Title: _____

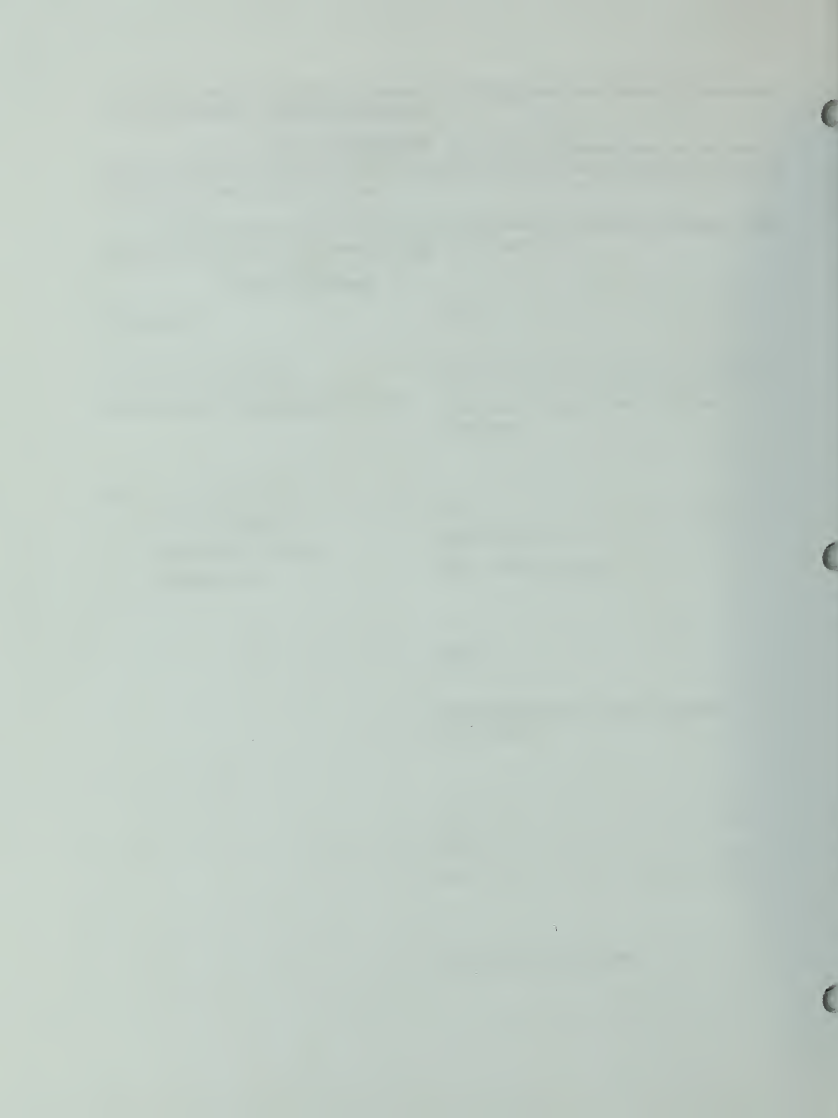
APPROVED AS TO FORM:

DENNIS J. HERRERA

City Attorney

By: _____

Deputy City Attorney



DRAFT

Memorandum of Agreement

Between

San Francisco Public Utilities Commission

And

Treasure Island Development Authority

Regarding

Submarine Power Cable From Treasure Island to Oakland

June __, 2006

THIS MEMORANDUM OF AGREEMENT ("Agreement") is dated for reference purposes as of June __, 2006 by and between the CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission (the "PUC") and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body corporate and politic ("TIDA"). The PUC and TIDA are sometimes collectively referred to herein as the "Parties."

RECITALS

A. In 1993, Naval Station Treasure Island ("NSTI") consisting of both Treasure Island and portions of Yerba Buena Island, was designated for Base Realignment and Closure and ceased active operation in 1997. The United States Navy ("Navy") maintains NSTI in caretaker status, pending disposal and reuse of the property, while a small portion of Yerba Buena Island continues to function as an active United States Coast Guard (USCG) Station.

B. On October 25, 2000, the United States of America, acting by and through the Federal Highway Administration ("FHWA"), conveyed portions of NSTI to the State of California Department of Transportation ("State") by that certain Quitclaim Deed dated October 25, 2000 and recorded in the Official Records of the City and County of San Francisco on October 26, 2000 as document number 2000-G855531. As a condition of such transfer, the State was required to provide replacement of Building 213, a structure utilized for storage of firefighting equipment on Yerba Buena Island that was demolished by the State as part of their construction project on the new Eastern Span Seismic Safety Project.

C. As of the date of this Agreement, there exists one 34.5 KV, with nominal 12.9 mega-volt ampere ("MVA") submarine electrical cable (the "Existing Cable") from Oakland to Treasure Island which is the sole source of electrical power to NSTI. The State has determined that foundation piles for the new pier construction of the new eastern span of the San Francisco-Oakland Bay Bridge may be driven too close to, and compromise the integrity of the Existing Cable, which is owned by the Navy.

D. In connection with the State's obligation to replace Building 213, the Navy, the FHWA, and the State entered into a Memorandum of Agreement dated September 9, 2005 (the "Navy/State MOA") in which the State agreed to relocate and replace the Existing Cable (the relocated and replaced Existing Cable is referred to herein as the "Replacement Cable") without cost or expense to the Navy or its successor, and without unreasonable interruption of electric power to NSTI in return for which the Navy and FHWA would waive any rights it had to require the State to replace Building 213. The Navy/State MOA specifies that upon completion of the Replacement Cable the State shall quitclaim all of its right title and interest in such cable to the Navy or its successor in interest.

E. TIDA has been designated a community redevelopment agency under the California Community Redevelopment Law (Sections 33000 et. seq. of the California Health and Safety Code) and is the local reuse authority for purposes of the redevelopment and conversion of NSTI to productive civilian uses.

F. TIDA and the Navy are parties to that Base Caretaker Cooperative Agreement ("Cooperative Agreement") for the management and operation of the Base, pursuant to which TIDA has assumed responsibility for the operation, maintenance and repair of the Navy's utility systems (including the Existing Cable) that service NSTI. To carry out its responsibilities in connection with the Navy's utility systems, TIDA has arranged with the

PUC to manage the electric utilities used on NSTI, including without limitation, the delivery of electricity to the occupants and users of Treasure Island and Yerba Buena Island, respectively, including the Job Corps, the United States Coast Guard, the approximately 3000 residents under subleases to the John Stewart Company and member organizations of the Treasure Island Homeless Development Initiative, and various commercial and nonprofit tenants.

G. In connection with TIDA's planning efforts for the redevelopment of NSTI, TIDA, in consultation with the PUC, has determined that two (2) higher-capacity 25 KV rated, each with nominal capacity of 14.9 MVA, armored submarine cables (collectively, the "Upgrade Cables," and individually, an "Upgrade Cable") would make a significant contribution to conversion of the former military base to civilian use and would enhance TIDA's ability to proceed with a redevelopment plan for NSTI.

H. TIDA wishes to enter into a Cooperative Utility Agreement ("CUA") with the State in which the State will install the Upgrade Cables instead of installing the Replacement Cable. Upon completion of the Upgrade Cables, the State will transfer one Upgrade Cable to the Navy and the other Upgrade Cable to TIDA. TIDA would pay the State the incremental increase in cost for the Upgrade Cables over the cost of installing the Replacement Cable (the "Upgrade Cost"). The estimated increase in cost for the Upgrade Cables is approximately \$4,000,000.00 and the actual increase will be determined in accordance with the terms of the CUA.

I. Under the CUA, the State is willing to pay all of the initial cost of construction and installation of the Upgrade Cable and to allow TIDA to reimburse the State for the Upgrade Cost (together with interest as set forth in the CUA) in four equal annual installments beginning on October 1, 2009. The annual installments are referred to herein individually and collectively as TIDA's "Reimbursement Obligation." However, the State requires a source of collateral and security for TIDA's Reimbursement Obligation.

J. The PUC is willing to provide such collateral and security for TIDA's Reimbursement Obligation in consideration for TIDA's agreement to transfer the Upgrade Cable to the PUC.

K. By this Agreement, the Parties wish to set forth their respective rights and interests in connection with TIDA's Reimbursement Obligation and the Upgrade Cables.

Agreement

1. The PUC hereby agrees to provide collateral and security for TIDA's Reimbursement Obligation by entering into a Pledge and Security Agreement (the "Pledge Agreement") in substantially the form attached hereto as Exhibit A.

2. Except as set forth hereinbelow, if the PUC pays all or any portion of TIDA's Reimbursement Obligation pursuant to such Pledge Agreement, TIDA shall reimburse the PUC the amount of TIDA's Reimbursement Obligation that the PUC paid together with interest at the rate of [the PUC's cost of funds].

3. Upon the State's transfer of an Upgrade Cable to TIDA, TIDA grants to the PUC an option to purchase such Upgrade Cable ("Option") in its "as-is" condition for a purchase price equal to the full amount of TIDA's Reimbursement Obligation. In the event that (i) the PUC has paid any portion of TIDA's Reimbursement Obligation and (ii)

TIDA has not yet reimbursed the PUC for such payment, the purchase price shall be reduced by the amount that TIDA owes to the PUC pursuant to paragraph 2 of this Agreement and by any outstanding balance TIDA owes PUC for utility services. The PUC may exercise its Option at any time after the State has transferred an Upgrade Cable to TIDA, and for so long as TIDA continues to own such Upgrade Cable, by giving TIDA written notice ("Option Notice") of its intention to exercise its Option and purchase the Upgrade Cable. Upon receipt of such Option Notice, TIDA shall quitclaim to the PUC all of TIDA's right, title, and interest in TIDA's Upgrade Cable within sixty (60) days from the date that TIDA actually receives the Option Notice.

4. In the event that the PUC exercises its Option, TIDA shall have no further obligation to the PUC under this Agreement, and this Agreement shall terminate, immediately upon TIDA's quitclaim to the PUC of TIDA's right, title, and interest in TIDA's Upgrade Cable.

5. If the PUC has not exercised its Option, this Agreement shall terminate on the later to occur of (i) the termination of the Pledge Agreement, (ii) TIDA's reimbursement to the PUC of all amounts owed pursuant to paragraph 2 above, or (iii) mutual agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement, as of the last date written below:

<p>PUC:</p> <p>CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Public Utilities Commission</p> <p>By: _____ Name: Title:</p> <p>Approved as to form:</p> <p>Dennis J. Herrera, City Attorney</p> <p>By: _____ Deputy City Attorney</p>	<p>TIDA:</p> <p>TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body corporate and politic</p> <p>By: _____ Name: Title:</p> <p>Approved as to form:</p> <p>Dennis J. Herrera, City Attorney</p> <p>By: _____ Deputy City Attorney</p>
--	--



PLANNING DEPARTMENT

City and County of San Francisco • 1660 Mission Street, Suite 500 • San Francisco, California • 94103-2414

MAIN NUMBER
(415) 558-6378

DIRECTOR'S OFFICE
PHONE 558-6411
4TH FLOOR
FAX 558-6426

ZONING ADMINISTRATOR
PHONE 558-6350
5TH FLOOR
FAX 558-6409

PLANNING INFORMATION
PHONE 558-6377
MAJOR ENVIRONMENTAL
FAX 558-5991

COMMISSION CALENDAR
INFO 558-6422
INTERNET WEB SITE
WWW.SFGOV.ORG/PLANNING

June 8, 2006

Mr. Jack Sylvan
Treasure Island Project Manager
Mayor's Office of Base Reuse and Development
City Hall Room 448
1 Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Installation of Submarine Electrical Cable

Dear Jack

You have asked me to review a proposed agreement among the United States Navy ("Navy"), the California Department of Transportation ("Caltrans") and the Treasure Island Development Authority ("TIDA") to share the cost of relocating and replacing a submarine electrical cable, and to determine whether environmental review of the proposal would be necessary. Your request is attached to this letter to provide more detailed information about the proposal.

Caltrans decided to replace an existing submarine electrical cable when Caltrans determined that the existing cable posed a safety concern and that reliable electrical service to Treasure Island would be jeopardized by Bay Bridge construction. TIDA determined that the existing cable capacity would not be sufficient to serve future development at Treasure Island and that it would be prudent to provide some redundancy of electrical service at Treasure Island. TIDA has advocated that it is good public policy for Caltrans to install cables of sufficient capacity to serve future development at Treasure Island as part of its cable replacement project now rather than undertaking two separate installations. Caltrans has agreed to install a second cable when it installs the replacement cable. The City must provide reimbursement to Caltrans for installation of the second cable. Therefore, TIDA, the San Francisco Public Utilities Commission ("SFPUC") and the San Francisco Board of Supervisors must approve various financial and reimbursement agreements among the Navy, TIDA and the SFPUC in order to effectuate the agreement as described in your letter. Caltrans will be carrying out all of the cable installation work.

Two environmental documents are relevant here. First, the City and County of San Francisco ("City") prepared an environmental impact report ("EIR") for the transfer of Treasure Island from the Navy to TIDA. That EIR analyzed three theoretical future development scenarios for Treasure Island. The City certified that EIR on May 5, 2005. Second, Caltrans prepared an environmental impact statement ("EIS") under the National Environmental Policy Act to analyze the effects of construction of the Bay Bridge in 2001. In that EIS, Caltrans contemplated the possible relocation of submarine electrical cables as part of the construction of the Bay Bridge, and analyzed the potential impacts of that relocation.

June 8, 2006
Mr. Jack Sylvan
Page Two

For the reasons set forth below, I conclude that the existing environmental analysis provides sufficient information about this proposal, there are no significant environmental impacts associated with this proposal, and that no additional environmental review is necessary.

Caltrans will undertake installation of both submersible cables. One of the cables will replace the existing submersible cable, which could be affected by the Bay Bridge construction, and Caltrans is already obligated to replace that cable. Caltrans will install the second cable at the same time it installs the first replacement cable. Caltrans will install dual submarine electrical cables connecting an existing electrical utility vault on the southeastern side of Treasure Island to lines at the westernmost spit of land in Oakland (the "Oakland Mole") where the new Eastern Span of the Bay Bridge (Eastern Span) touches down. These dual cables are a replacement for and an expansion of an existing submersible cable owned by the U.S. Navy between Treasure Island and Oakland that is endangered by construction of the Eastern Span.

Caltrans examined the relocation and replacement of the electrical cables as part of the Bay Bridge project in the EIS. The EIS identified no significant environmental impacts related directly to relocation of the submersible cables. The EIS identified mitigation measures for water quality, biological resources and habitat impacts for construction of the Bay Bridge, which Caltrans has been implementing and would continue to implement. Those mitigation measures include avoidance of wetlands, eelgrass or other habitat areas, as well as restoration of a sand flats area, which the Bay Bridge could not avoid. (The sand flats area would not be affected by the submersible electrical cables.) Caltrans anticipates that there would be no new significant impacts associated with relocation of the cable, since Caltrans will undertake the work in order to avoid any adverse impacts. The cable will be installed by use of a jet plow, which burrows below the Bay floor, pulling the cable behind it. The jet plow would substantially reduce any water quality impacts, and Caltrans anticipates no water quality impacts. There would be no separate impacts associated with installation of the second cable.

TIDA, the SFPUC and the Board of Supervisors will consider approval of the financial agreements among the City, the Navy and Caltrans. The cable installation is not a City project, but will be undertaken entirely by Caltrans.

TIDA has requested installation of the second cable in order to accommodate anticipated growth on Treasure Island. Provision of additional power would facilitate growth on Treasure Island. The Treasure Island EIR analyzed three different levels of growth at Treasure Island following transfer from the Navy to the City, including a minimum development alternative, a medium development alternative and a maximum development alternative. The EIR considered generally the impacts of growth at Treasure Island associated with each of these alternatives and proposed mitigation measures to be implemented as specific development is proposed at Treasure Island.

June 8, 2006
Mr Jack Sylvan
Page Three

When a specific development proposal is submitted to the City, we will undertake additional environmental review of that proposal and implement the types of mitigation measures proposed at a program level in the existing Treasure Island EIR as well as additional measures relevant to the specific development proposal. The additional and redundant power supply to Treasure Island that the second cable will provide will facilitate growth at Treasure Island. The impacts of that growth have been considered at a program level in the Treasure Island EIR. No further environmental review of growth inducement impacts is necessary at this time.

Sincerely,



Paul Maltzer
Environmental Review Officer

Attachment - Letter from Jack Sylvan to Paul Maltzer, June 7, 2006

cc - K. Stacy

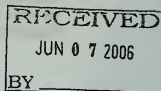
CITY & COUNTY OF SAN FRANCISCO

OFFICE OF BASE REUSE AND DEVELOPMENT

CITY HALL, ROOM 448
1 DR CARLTON B GOODLETT PLACE
SAN FRANCISCO, CA 94102
415 554 5313 FAX 415 554 5018
WWW.SFGOV.ORG/TREASUREISLAND



GAVIN NEWSOM, MAYOR



June 7, 2006

Paul Maltzer
Environmental Review Officer
Major Environmental Analysis
San Francisco Planning Department
30 Van Ness, 4th Floor
San Francisco, CA 94102

Dear Mr. Maltzer

On behalf of the Treasure Island Development Authority (Authority), I am writing to request that you review a proposed project by the California Department of Transportation (Caltrans) that will provide power to Treasure Island. Under an agreement with the Authority, Caltrans will be installing dual submarine electrical cables connecting Treasure Island to lines at the westernmost spit of land in Oakland (Oakland Mole) where the new Eastern Span of the Bay Bridge (Eastern Span) touches down. These dual cables are a replacement for an existing submarine cable, owned by the U.S. Navy, connecting Treasure Island and Oakland that is endangered by construction of the Eastern Span.

Treasure Island and Yerba Buena Island currently receive electricity from a submarine electrical cable that travels from the eastern shore of Treasure Island along the floor of the San Francisco Bay, connects to an electrical vault near the touchdown of the eastern span of the Bay Bridge and continues via overhead lines to the Davis Substation on Port of Oakland property. The submarine cable is owned by the Navy and has a size of 750 kcmil and a capacity of 12.9 mega volt amperes (Mva). A second electrical cable, the 12 kv Bay Cable 6, connects San Francisco to Treasure Island and is owned by PG&E but has been out of service since December 2002. PG&E has indicated that they have no plans to replace or repair this cable.

Plans for construction of the new eastern span of the Bay Bridge include bridge footings associated with the Oakland Touchdown portion of the Bridge that are located adjacent to the existing submarine cable. Caltrans determined that the existing cable posed a safety concern and that reliable electrical service to Treasure Island was jeopardized by bridge construction. Caltrans and the Navy entered into an agreement in which Caltrans would construct a replacement submarine electrical cable sized to the existing cable's capacity in exchange for relief of Caltrans' obligation to reconstruct former Building 213 on Yerba Buena Island, which was demolished by Caltrans to facilitate construction of the new Eastern Span. This agreement was memorialized in a MOU between the Navy, Caltrans and the Federal Highways Administration.

The Authority has been in discussions with Caltrans staff regarding the fact that the existing cable capacity will not be sufficient to serve future development at Treasure Island. Rather than having Caltrans install a replacement cable at the existing capacity now and have the Authority or a developer install additional cables in the future, the Authority has advocated that it is good public policy for Caltrans to install cables of sufficient capacity to serve future development at Treasure Island as part of its cable replacement project. A second cable will also provide an increased level of system reliability and redundancy for the occupants and users of Treasure Island. The Authority and San Francisco Public Utilities Commission ("PUC") staff believe that this will save approximately \$4 to \$6 million in cable installation costs needed to support future development on Treasure Island. Staff, in consultation with the engineering and design team of Treasure Island Community Development (TICD) and staff of the Public Utilities Commission (PUC) worked to determine that the ideal upgraded capacity for the electrical cable serving Treasure Island would be served by two (2) 1,000 kcmil, 14.9 Mva cables laid side by side ("Double Cables") along the same route as Caltrans' proposed single replacement cable. These specifications are of sufficient capacity to serve future development and also provide an increased level of system reliability and redundancy given the fact that the PG&E-owned cable connecting San Francisco to Treasure Island is out of service. Caltrans has agreed to include designs for the Double Cables in its bid specifications and construct these Double Cables with an assurance from the Authority that the Authority would fund the incremental cost over and above the cost of the single replacement cable (the "Replacement Cable").

The Double Cables will consist of two 25-kilovolt (kV) rated electric submarine cables with fiber optics (three 1,000-kcmil, copper, triplex armored type). The length of the Double Cables are approximately 3,300 meters (10,827 feet) each. The cables will be laid from an existing electrical vault on the southeast corner of Treasure Island along a route nearly due east, will turn approximately south and pass under the Eastern Span, and then follow along the south side of the Eastern Span to a connection at the Oakland Mole. The attached figures show the route of the cable installation from Treasure Island to the Oakland Mole and, in particular, demonstrate that the path of the cables avoids the existing eelgrass beds near Treasure and Yerba Buena Islands and the Oakland spit.

The cables will be installed using a "Jet-Plow" method, which will bury the cable approximately 1.8 meters (5.91 feet) to 3.0 meters (9.84 feet) below the bay floor, thereby avoiding environmental impacts such as water turbidity. To reiterate, the cable will not be installed via trenching on the floor of the bay, but rather via a mechanism that burrows underneath the surface of the bay floor, pulling the cable behind.

Caltrans has determined that it needs to expedite the submarine cable construction project so that the Double Cables are complete and operational before Caltrans begins work on the Oakland Touchdown portion of the Eastern Span. Caltrans needs to issue the bids for construction of the Double Cables by July 2006 in order to begin construction of the Double Cables in October 2006 and complete construction by October 2007.

Caltrans is undertaking all of the installation work. The City will be obligated to reimburse Caltrans for the cost of installing one of the cables. In order for the Authority to enter into this agreement with Caltrans, approval actions are necessary by the Authority, the San Francisco Public Utilities Commission (PUC) and the San Francisco Board of Supervisors. There are three agreements that the City must approve, consisting of the following:

- Cooperative Utility Agreement between the Authority and Caltrans. This agreement memorializes the Authority's obligations to pay Caltrans for a portion of the cost of the Double

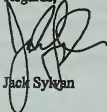
Cables construction and Caltrans' obligations to consequently transfer ownership of one completed cable to the Authority.

- Memorandum of Agreement between the Authority and the United States Navy This agreement enables transfer of one of the cables to the Authority and one of the cables to the Navy
- Memorandum of Agreement between the Authority and the PUC. This agreement provides that PUC will guarantee the Authority's reimbursement obligations to Caltrans, and if required to do so, will own the cable.

Caltrans prepared an environmental impact statement ("EIS") under the National Environmental Policy Act to analyze the effects of construction of the Bay Bridge in 2001. In that EIS, Caltrans contemplated the possible relocation of submarine electrical cables as part of the construction of the Bay Bridge, and analyzed the potential impacts of that relocation. While the EIS found no specific environmental impacts associated with relocation of the submarine electrical cables, the EIS provided a number of mitigation measures to be implemented generally with construction of the Bay Bridge to avoid impacts on sensitive habitats, water quality and biological resources. Caltrans has informed us that it will be following all measures recommended in the EIS to avoid any environmental impacts. Caltrans has also concluded that there will be no significant environmental impacts associated with installation of the Double Cables. I will forward to you any written analysis from Caltrans as soon as I receive it.

I greatly appreciate your prompt attention to this request as we intend to bring this issue before the policy bodies this month. Please contact me with any questions or for clarification.

Regards,



Jack Sykora

attachments

STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION		PROJECT ENGINEER		T T LAI		CHECKED BY		DATE REVISION	
DATE		DESIGNED BY		T T LAI		CHECKED BY		DATE REVISION	



DATE		DESIGNED BY		T T LAI		CHECKED BY		DATE REVISION	
DATE		DESIGNED BY		T T LAI		CHECKED BY		DATE REVISION	

NOTES:

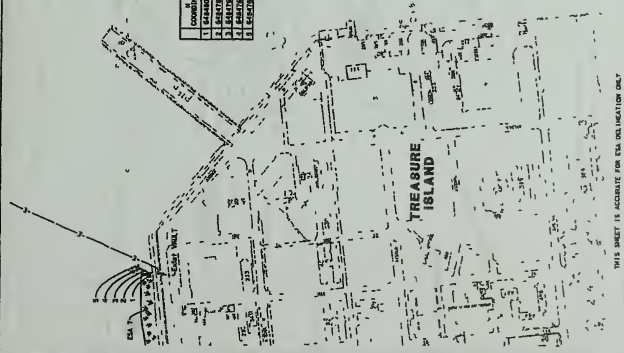
1. COORDINATE VALUES SHOWN ARE 1983 ZONE 3
2. NATIONAL GEODETIC VERTICAL DATUM INFO OF 1929
3. FOR ENVIRONMENTALLY SENSITIVE AREA LOCATIONS, SEE C- SHEETS
4. FOR ENVIRONMENTALLY SENSITIVE AREA LOCATIONS, SEE C- SHEETS
5. FOR SUBMARINE CABLE CONSTRUCTION DETAILS, SEE C- SHEETS
6. CABLES SHALL BE LAYED IN ACCORDANCE WITH MANUFACTURER'S SPECIFICATION
7. DEPTH UNDER AND AHEAD OF SUBMARINE CABLE SHALL BE 15 M (49 FT) TO 30 M (98 FT) DEEP AND 15 M (49 FT) TO 30 M (98 FT) DEEP
8. THE CABLE TO THE SAN FRANCISCO BAY SHALL BE LAYED FROM THE VESICULAR ISLAND TOWARD THE OAKLAND BAY TOWARD FROM
9. DEPTH OF 15 M (49 FT) TO 30 M (98 FT) SHALL BE A MINIMUM
10. THE MINIMUM DISTANCE BETWEEN THE EXISTING CABLE AND THE CABLE TO BE INSTALLED SHALL NOT BE LESS THAN 10 M

DATE REVISION 21-12-2004
L-1

DRAFT
ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE SHOWN
SCALE 1:1000
SUBMARINE CABLE LAYOUT



DATE		REVIEWED BY	DATE REVIEWED
DATE		DESIGNED BY	CHECKED BY
PROJECT NUMBER		T T LAI	
STATE OF CALIFORNIA - DEPARTMENT OF TRANSPORTATION		TOLL BRIDGE	



ESA 7 DATA		
COORDINATE	CONSTRUCTION	NOTES
1 644800.1	1 183500.1	HIGH VISIBILITY FIELD
2 644878.1	1 183500.1	DELIMITATION OF ESA
3 644878.1	1 183500.1	NOT STUDIED
4 644878.1	1 183500.1	
5 644878.1	1 183500.1	

DATE	10-15-20
BY	10-15-20
FOR	10-15-20
PROJECT	10-15-20
SCALE	1" = 200'
<p>FOR THE RECORD, THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>1. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>2. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>3. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>4. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>5. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>6. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>7. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>8. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>9. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p> <p>10. THE FOLLOWING INFORMATION IS BEING SUBMITTED FOR THE RECORD:</p>	



SUN FRANCISCO BAY

ROUTE 80

DRAFT

CONSTRUCTION DETAILS
ENVIRONMENTALLY SENSITIVE AREAS
SCALE 1" = 200'

EA 012001

EA 012004

EA 012007

EA 012008

EA 012009

EA 012010

EA 012011

EA 012012

EA 012013

EA 012014

EA 012015

EA 012016

EA 012017

EA 012018

EA 012019

EA 012020

EA 012021

EA 012022

EA 012023

EA 012024

EA 012025

EA 012026

EA 012027

EA 012028

EA 012029

EA 012030

EA 012031

EA 012032

EA 012033

EA 012034

EA 012035

EA 012036

EA 012037

EA 012038

EA 012039

EA 012040

EA 012041

EA 012042

EA 012043

EA 012044

EA 012045

EA 012046

EA 012047

EA 012048

EA 012049

EA 012050

EA 012051

EA 012052

EA 012053

EA 012054

EA 012055

EA 012056

EA 012057

EA 012058

EA 012059

EA 012060

EA 012061

EA 012062

EA 012063

EA 012064

EA 012065

EA 012066

EA 012067

EA 012068

EA 012069

EA 012070

EA 012071

EA 012072

EA 012073

EA 012074

EA 012075

EA 012076

EA 012077

EA 012078

EA 012079

EA 012080

EA 012081

EA 012082

EA 012083

EA 012084

EA 012085

EA 012086

EA 012087

EA 012088

EA 012089

EA 012090

EA 012091

EA 012092

EA 012093

EA 012094

EA 012095

EA 012096

EA 012097

EA 012098

EA 012099

EA 012100

EA 012101

EA 012102

EA 012103

EA 012104

EA 012105

EA 012106

EA 012107

EA 012108

EA 012109

EA 012110

EA 012111

EA 012112

EA 012113

EA 012114

EA 012115

EA 012116

EA 012117

EA 012118

EA 012119

EA 012120

EA 012121

EA 012122

EA 012123

EA 012124

EA 012125

EA 012126

EA 012127

EA 012128

EA 012129

EA 012130

EA 012131

EA 012132

EA 012133

EA 012134

EA 012135

EA 012136

EA 012137

EA 012138

EA 012139

EA 012140

EA 012141

EA 012142

EA 012143

EA 012144

EA 012145

EA 012146

EA 012147

EA 012148

EA 012149

EA 012150

EA 012151

EA 012152

EA 012153

EA 012154

EA 012155

EA 012156

EA 012157

EA 012158

EA 012159

EA 012160

EA 012161

EA 012162

EA 012163

EA 012164

EA 012165

EA 012166

EA 012167

EA 012168

EA 012169

EA 012170

EA 012171

EA 012172

EA 012173

EA 012174

EA 012175

EA 012176

EA 012177

EA 012178

EA 012179

EA 012180

EA 012181

EA 012182

EA 012183

EA 012184

EA 012185

EA 012186

EA 012187

EA 012188

EA 012189

EA 012190

EA 012191

EA 012192

EA 012193

EA 012194

EA 012195

EA 012196

EA 012197

EA 012198

EA 012199

EA 012200

EA 012201

EA 012202

EA 012203

EA 012204

EA 012205

EA 012206

EA 012207

EA 012208

EA 012209

EA 012210

EA 012211

EA 012212

EA 012213

EA 012214

EA 012215

EA 012216

EA 012217

EA 012218

EA 012219

EA 012220

EA 012221

EA 012222

EA 012223

EA 012224

EA 012225

EA 012226

EA 012227

EA 012228

EA 012229

EA 012230

EA 012231

EA 012232

EA 012233

EA 012234

EA 012235

EA 012236

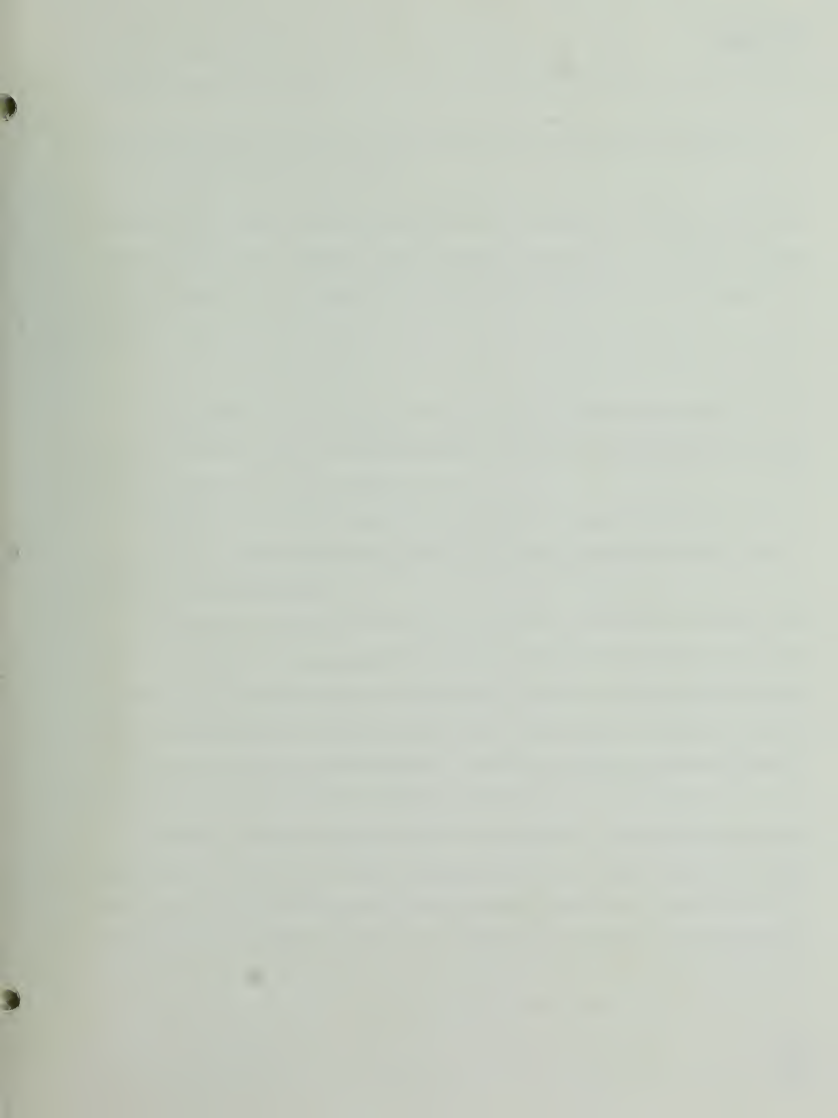
EA 012237

EA 012238

EA 012239

EA 012240

EA 012241



Notes

1 [Approval of a Memorandum of Agreement with the United States Navy regarding an
2 Upgraded Submarine Electrical Cable.]

3 **Authorizing the Executive Director to Execute a Memorandum of Agreement with the**
4 **United States of America acting by and through the Department of the Navy regarding**
5 **Ownership Interests in the Upgraded Submarine Electrical Cable Serving Treasure**
6 **Island.**

7
8
9 **WHEREAS**, Former Naval Station Treasure Island is a military base located on
10 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
11 the United States of America (the "Navy"); and,

12 **WHEREAS**, The Base was selected for closure and disposition by the Base
13 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
14 subsequent amendments; and,

15 **WHEREAS**, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
16 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
17 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
18 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
19 conversion of the Base for the public interest, convenience, welfare and common benefit of
20 the inhabitants of the City and County of San Francisco; and

21 **WHEREAS**, With the approval of the Board of Supervisors, the Authority entered into a
22 Cooperative Agreement and numerous modifications to the Cooperative Agreement with the
23 Navy under which the Authority assumed certain responsibilities for (i) operation and
24 maintenance for the water, waste water, storm water, electric and gas utility systems on the
25

1 Base, (ii) security and public health and safety services, (iii) grounds and street maintenance
2 and repair, and (iv) property management and caretaker services; and,

3 **WHEREAS**, In accordance with the Cooperative Agreement, the Authority has been
4 managing all utilities used on the Base since 1998, including without limitation, the delivery of
5 electricity to the occupants and users of Treasure Island and Yerba Buena Island,
6 respectively, including the Job Corps, the United States Coast Guard, the approximately 3000
7 residents under subleases to the John Stewart Company and member organizations of the
8 Treasure Island Homeless Development Initiative, and various commercial and nonprofit
9 tenants; and,

10 **WHEREAS**, There exists one 750 KCMIL, 34.5 KV submarine electrical cable (the
11 "Existing Cable") from Oakland to Treasure Island which is the sole source of electrical power
12 to the Base. The nominal capacity of the Existing Cable is 12.9 mega-volt ampere (MVA).
13 The California State Department of Transportation ("Caltrans") has determined that foundation
14 piles for the new pier construction of the new eastern span of the San Francisco-Oakland Bay
15 Bridge may be driven too close to, and compromise the integrity of the Existing Cable; and,

16 **WHEREAS**, Caltrans and the Navy are parties to a Memorandum of Agreement dated
17 September 9, 2005 (MOA) in which the State agreed to relocate and replace the Existing
18 Cable, and Authority staff have determined that two (2) higher-capacity 1000 KCMIL, 25 KV
19 rated cables (the "Upgrade Cables"), each with a nominal capacity of 14.9 MVA or a
20 combined capacity of 29.8 MVA, would make a significant contribution to the redevelopment
21 and conversion of the Base to civilian uses; and,

22 **WHEREAS**, This Board has authorized Authority staff to enter into a Cooperative Utility
23 Agreement ("CUA") with Caltrans in which Caltrans will install the Upgrade Cables instead of
24 relocating and replacing the Existing Cable, and the Authority would pay Caltrans the
25

1 incremental increase in cost for the Upgrade Cables over the cost of relocating and replacing
2 the Existing Cable (the "Upgrade Cost"); and,

3 **WHEREAS**, The Existing Cable is currently owned by the Navy, but the Existing Cable
4 is part of the Navy utility system that the Authority is negotiating with the Navy to transfer to
5 the Authority (or the Authority's designee) as part of the transfer of portions of the former Base
6 pursuant to the Base Closure and Realignment Act; and,

7 **WHEREAS**, In order to induce the Authority to enter into the CUA and pay Caltrans the
8 Upgrade Cost and to protect the Authority's investment in the Upgrade Cables, the Navy and
9 Authority staff propose to enter into a Memorandum of Agreement, attached as Exhibit B,
10 setting forth the respective rights and obligations of the Navy and the Authority, respectively,
11 in connection with the Upgrade Cable;

12 **WHEREAS**, an environmental impact report was prepared and certified on May 5,
13 2005 for the transfer of Treasure Island from the Navy to the City and the general
14 environmental effects of potential growth and development of Treasure Island were discussed
15 in that report; and

16 **WHEREAS**, Environmental review has been conducted for this proposal and such
17 information is set forth in separate documentation provided to the Authority from the City's
18 Environmental Review Officer, a copy of which is on file with the Authority Secretary; and

19 **WHEREAS**, this Board of Directors has reviewed and considered the environmental
20 information; now therefore be it

21 **RESOLVED**, That the Board of Directors hereby adopts the environmental findings
22 attached to this Resolution as Exhibit A and incorporates the same herein by this reference.

23 **FURTHER RESOLVED**, That the Board of Directors hereby approves and authorizes
24 the Executive Director to enter into a Memorandum of Agreement with the Navy setting forth
25

1 the rights and obligations of the parties in the Upgrade Cable, in substantially the form
2 attached hereto as Exhibit B.

3
4 **CERTIFICATE OF SECRETARY**

5
6 **I hereby certify that I am the duly elected President of the Treasure Island**
7 **Development Authority, a California nonprofit public benefit corporation, and that the**
8 **above Resolution was duly adopted and approved by the Board of Directors of the**
9 **Authority at a properly noticed meeting on June 14, 2006.**

10
11 _____
12 **Claudine Cheng,**
13 **President**
14
15
16
17
18
19
20
21
22
23
24
25



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

EXHIBIT A

Findings under the California Environmental Quality Act

The project under consideration at this time is an agreement between the California Department of Transportation ("Caltrans") and the Treasure Island Development Authority ("TIDA"), and an agreement between TIDA and the San Francisco Public Utilities Commission ("SFPUC") to fund the installation of submarine electrical cables to provide power to Treasure Island. Caltrans will be installing the electrical cables. The electrical cables will be able to supply more power to Treasure Island than is currently provided and could support growth and future development at Treasure Island.

Approval of a development proposal is not before the entities involved in these agreements, TIDA, SFPUC or the San Francisco Board of Supervisors, at this time. However, because the electrical cables could supply more power and thereby facilitate growth at Treasure Island, the decision-makers must consider the effects of that possible growth on Treasure Island. The Treasure Island environmental impact report ("EIR") was reviewed and considered by TIDA, the San Francisco Planning Commission and these bodies certified the EIR on May 5, 2005. That EIR was prepared in anticipation of a transfer of Treasure Island from the United States Navy to TIDA and considered the impacts of potential foreseeable growth on Treasure Island. The EIR analyzed generally the impacts of three different levels of development on Treasure Island and considered a no project alternative, a minimum density alternative, a medium density alternative and a maximum density alternative. The EIR also analyzed a development proposal for the Marina on Treasure Island. The Marina could operate under current electrical power being supplied to Treasure Island, and the replacement electrical cables will not change or affect the Marina development proposal that was analyzed in the EIR. The specific impacts associated with development of the Marina are not considered here, although the impacts of the Marina were included in the Program-level analysis and cumulative impact analysis of the EIR.

The California Environmental Quality Act ("CEQA") requires decision-makers to make certain findings when approving a project, as defined by CEQA, with the potential for environmental impacts. Approval of the agreements to support Caltrans' installation of submarine electrical cables is considered a project under CEQA. The Environmental Review Officer has determined that there will be no significant impacts caused by the physical installation of the cables, since Caltrans analyzed the installation of the replacement cables in the Environmental Impact Statement and will comply with all relevant mitigation measures contained in the Environmental Impact Statement, which Caltrans prepared for reconstruction of the Bay Bridge. Caltrans will take all steps to avoid any significant environmental impacts. TIDA concurs with the Environmental Review Officer's determination.

The EIR identified significant environmental impacts, as well as alternatives and mitigation measures to address those significant environmental impacts, when it considered the effects of potential growth on Treasure Island. The relevant portions of these analyses are set forth below.

I. Significant Impacts

The EIR identified significant impacts associated with possible future development on Treasure Island. The significant impacts identified in the EIR are summarized below.

More detailed explanation is contained in the EIR and can be referenced in Table 2-2, on EIR pages 2-33 through 2-113.

No Action Alternative: No significant impacts are expected.

Minimum, Medium and Maximum Development Alternatives:

Cultural resource impacts, including possible alteration or demolition of historic resources, incompatible new construction, which could adversely affect historic resources, and possible loss of potentially significant archaeological resources caused by excavation activities;

Transportation, circulation and parking impacts, including increased volumes on freeway ramps as follows: increased volumes on the Yerba Buena Island westbound on-ramp, (west side), Yerba Buena Island eastbound off-ramp (west side), Yerba Buena Island eastbound on-ramp (east side) and Yerba Buena Island westbound on-ramp (east side), Bay Bridge Interstate 80 operations, would cause the segment of westbound Bay Bridge from Treasure Island to San Francisco to deteriorate to LOS F in the a.m. peak period and to LOS E or F in the p.m. peak period, and transit operations, including ferry and bus service;

Air quality impacts, including transportation-related air pollutant emissions, and construction and demolition dust and vehicle emission impacts caused by personal vehicle traffic;

Noise impacts, including construction and demolition noise and pile driving;

Biological resources, including disturbance to sensitive mudflat habitat from pedestrian and boating activities around Clipper Cove, pedestrian and boating impacts on wading shorebirds, and Clipper Cove pedestrian and boating impacts on essential fish habitat;

Soils, Geology and Seismicity impacts, including impacts from seismic shaking on increased numbers of residents, workers and visitors, liquefaction and differential settlement, lateral spreading impacts on unsupported structures and infrastructure, soil settlement caused by new construction, impacts on structure and roads on Yerba Buena Island from slope failure;

Hydrology and water quality impacts, including flooding from dike overtopping during storms, and subsurface excavation could cause spreading of contaminated groundwater;

Public Service and Utilities impacts, including wastewater collection and treatment, stormwater collection, energy impacts, telecommunications impacts and solid waste impacts;

Hazardous Materials and Waste Impacts, including possible exposure to residual chemical constituents and exposure to previously unidentified subsurface hazards.

Medium Density Alternative: Visual impacts, including views from Interstate 80, a State Scenic Highway, and the Bay Bridge, and on-site views and visual access caused by the possible loss of scenic resources including buildings 2 and 3;

Minimum and Medium Density Alternatives: Soils, Geology and Seismicity impacts due to possible dike failure impacts because there is no improvement to the dike contemplated in these development scenarios;

Minimum Density Alternative only: lateral spreading of supported structures and infrastructure;

Maximum and Minimum Density Alternatives: Hydrology and water quality impacts, including ponding from high tides;

Medium and Maximum Development Alternatives only: Public Service and Utilities impacts, including fire protection impacts, police protection impacts, impacts on provision of emergency medical services, potable water and fire protection distribution;

Cumulative impacts, including the following

For the medium density alternative, loss of housing could cause a jobs/housing imbalance, leading to physical impacts including cumulative traffic and air quality effects, set forth below.

Cumulative impacts on historic structures caused by demolition and alteration, and loss of potentially significant archaeological resources caused by excavation.

Cumulative traffic congestion and increased parking demand at East Bay ferry terminals.

Cumulative Air quality, including cumulative transportation-related air pollutant emissions from personal vehicle trips, and cumulative air quality impacts from construction and demolition activities.

Cumulative traffic noise impacts along the Bay Bridge corridor.

Cumulative impacts on biological resources from dredging activities.

Cumulative hydrology and water quality impacts from dredging and dredge material disposal.

Cumulative public service and utilities impacts including a loss of the potable water line if not replaced after Bay Bridge construction.

II. Alternatives

TIDA is not endorsing or rejecting any of the alternatives considered in the EIR at this time. Installation of the submarine electrical cables will not preclude or require a decision on any particular level or kind of development on Treasure Island. Installation of additional power capacity anticipates future development but does not force or require future development. Accordingly, there are no findings required to reject any of the alternatives in the EIR. If and when a specific development proposal is proposed for Treasure Island, the alternatives may be considered and adopted or rejected at that time, or new alternatives could be developed as part of environmental review for the development proposal.

III. Mitigation Measures

The EIR proposed mitigation measures to address most of the significant impacts identified in Section I above. The mitigation measures would be implemented as new development occurs on Treasure Island, and address impacts during construction, caused by construction and the subsequent increased use of Treasure Island following completion of new development on Treasure Island. Those mitigation measures are not relevant or applicable to this approval action, since no specific development, construction or occupancy for Treasure Island is proposed for adoption as part of the decisions before TIDA today. Therefore TIDA rejects all of the mitigation measures identified in the EIR as infeasible at this time. (See Table 2-2, EIR pages 2-33 through 2-113 for a full listing of the mitigation measures.) At the time a development proposal is considered, the mitigation measures could be adopted, rejected or modified with additional environmental review at that time. TIDA intends to analyze and consider fully all environmental impacts, mitigation measures and alternatives when it considers development plans for Treasure Island.

IV. Unavoidable Significant Impacts

All of the significant environmental impacts identified in Section I above would occur without implementation of the mitigation measures and are considered to be significant and unavoidable environmental impacts under CEQA.

V. Statement of Overriding Considerations

Notwithstanding the significant effects noted above, pursuant to CEQA Section 21081(b), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code, TIDA finds, after considering the EIR and the evidence in the record, that specific overriding economic, legal, social and other considerations, as set forth below, outweigh the potential unavoidable significant environmental impacts of any future growth on Treasure Island. The potential significant and unavoidable impacts are therefore acceptable, for the reasons set forth below.

Installation of submarine electrical cables at this time rather than when a specific development proposal is considered for approval will result in a savings to TIDA and the City of 4 to 6 million dollars. Installation of the additional cable will decrease disruption in San Francisco Bay, and will provide necessary redundancy of power to Treasure Island in the event that current power transmission levels fail.

In the event growth and development could occur at Treasure Island, there are significant public benefits to development of Treasure Island. Treasure Island is currently a closed military base owned by the United States Navy. Most, if not all, of the structures were built prior to the 1980s, some as far back as the late 1800s. By and large, with the exception of the occupied housing, all of the structures are suffering from deferred maintenance, including several historic structures which require seismic upgrade to ensure their long term viability. The entire infrastructure system is aging, suffering from deferred maintenance and is not consistent with San Francisco standards. The property has several sites that are subject to environmental restrictions due to environmental contamination in soil and structures. As a consequence of closure of the former Naval facility, approximately 2,000 jobs were lost.

In the context of the past and current situation at Treasure Island, redevelopment at Treasure Island will provide a multitude of public benefits for the City and County of San Francisco and its residents, including the following:

1. Creation of new housing units, including 30% of all housing units at below-market rates and which would also include a substantial component of units for formerly homeless individuals and families through the Treasure Island Homeless Development Initiative
2. Creation and expansion of a regional park and open space programmed with a variety of passive, active, waterfront-oriented, recreational, cultural, arts and entertainment and educational uses.
3. A new commercial district including neighborhood-serving and destination retail, hotels, arts and cultural uses.
4. Installation of a new utility and infrastructure system, including power, gas, potable water, stormwater, sewer, and telecommunications.
5. New public safety and emergency facilities, including the construction of new police and fire facilities.
6. Geotechnical improvements to the island perimeter and access points to Treasure Island necessary to ensure safety of residents, employers and visitors.
7. Creation and funding for a new transit hub and new transportation infrastructure including on-island alternative fuel shuttles, off-island buses and ferries.
8. TIDA has established a goal of creating a community that sets an international model for environmentally sustainable development, which could include components such as high level green building standards, renewable on-island energy generation, innovative stormwater treatment technologies, and habitat creation and regeneration.
9. Remediation of contamination enabling the uses and benefits described herein.
10. Creation of thousands of construction and permanent jobs, including employment, training programs and business opportunities targeted to formerly homeless, economically disadvantaged, San Franciscans and Disadvantaged and Small Business Enterprises.
11. Tax revenues created through sales taxes, transient occupancy tax, property tax, etc., will benefit the City.



**TREASURE ISLAND SUBMARINE CABLE
MEMORANDUM OF AGREEMENT**
Between
**UNITED STATES OF AMERICA, acting by and through
the Department of the Navy, Base Realignment and Closure
Program Management Office West**
And
**TREASURE ISLAND DEVELOPMENT AUTHORITY,
a public body corporate and politic**

THIS MEMORANDUM OF AGREEMENT ("Agreement") is dated for reference purposes as of June __, 2006 by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, Base Realignment and Closure Program Management Office West (the "Navy") and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body corporate and politic ("TIDA"). The Navy and TIDA are sometimes collectively referred to herein as the "Parties."

RECITALS

A. In 1993, Naval Station Treasure Island ("NSTI") consisting of both Treasure Island and portions of Yerba Buena Island, was designated for Base Realignment and Closure and ceased active operation in 1997. The Navy maintains NSTI in caretaker status, pending disposal and reuse of the property, while a small portion of Yerba Buena Island continues to function as an active United States Coast Guard (USCG) Station.

B. On October 25, 2000, the United States of America, acting by and through the Federal Highway Administration ("FHWA"), conveyed portions of NSTI to the State of California Department of Transportation ("State") by that certain Quitclaim Deed dated October 25, 2000 and recorded in the Official Records of the City and County of San Francisco on October 26, 2000 as document number 2000-G855531. As a condition of such transfer, the State was required to provide replacement of Building 213, a structure utilized for storage of firefighting equipment on Yerba Buena Island that was demolished by the State as part of their construction project on the new Eastern Span Seismic Safety Project.

C. As of the date of this Agreement, there exists one 34.5 KV submarine electrical cable (the "Existing Cable") from Oakland to Treasure Island which is the sole source of electrical power to NSTI. The State has determined that foundation piles for the new pier construction of the new eastern span of the San Francisco-Oakland Bay Bridge may be driven too close to, and compromise the integrity of the Existing Cable, which is owned by the Navy.

D. In connection with the State's obligation to replace Building 213, the Navy, the FHWA, and the State entered into a Memorandum of Agreement dated September 9, 2005 (MOA) in which the State agreed to relocate and replace the Existing Cable (the relocated and replaced Existing Cable is referred to herein as the "Replacement Cable") without cost or expense to the Navy or its successor, and without unreasonable interruption of electric power to NSTI in return for which the Navy and FHWA would waive any rights it had to require the State to replace Building 213. The MOA specifies that upon completion of the Replacement Cable the State shall quitclaim all of its right title and interest in such cable to the Navy or its successor in interest.

E. TIDA has been designated a community redevelopment agency under the California Community Redevelopment Law (Sections 33000 et. seq. of the California Health and Safety Code) and is the local reuse authority for purposes of the redevelopment and conversion of NSTI to productive civilian uses.

F. TIDA and the Navy are parties to that Base Caretaker Cooperative Agreement ("Cooperative Agreement") for the management and operation of the Base, pursuant to which TIDA has assumed responsibility for the operation, maintenance and repair of the Navy's utility systems (including the Existing Cable) that service NSTI. In accordance with the Cooperative Agreement, TIDA has been managing all utilities used on NSTI since 1998, including without limitation, the delivery of electricity to the occupants and users of Treasure Island and Yerba Buena Island, respectively, including the Job Corps, the United States Coast Guard, the approximately 3000 residents under subleases to the John Stewart Company and member organizations of the Treasure Island Homeless Development Initiative, and various commercial and nonprofit tenants.

G. TIDA and the Navy are also parties to numerous lease agreements ("Master Leases") whereby portions of NSTI are out-leased by the Navy for use by TIDA. Under the Master Leases, sublease revenues ("Sublease Revenues") are defined as rental income and any other miscellaneous income derived from subletting the leased premises less (i) applicable taxes and fees related to the use and occupancy of the leased premises, and (ii) TIDA's cost of operating, maintaining, protecting and repairing the leased premises. In accordance with the Master Leases, TIDA is required to apply Sublease Revenues first to reimburse itself for marketing and property management expenses incurred by TIDA, and second for reimbursing itself for improvements to NSTI.

H. In connection with TIDA's planning efforts for the redevelopment of NSTI, TIDA has determined that two (2) higher-capacity 25 KV rated cables (the "Upgrade Cables") would make a significant contribution to conversion of the former military base to civilian use and would enhance TIDA's ability to proceed with a redevelopment plan for NSTI, and TIDA wishes to enter into a Cooperative Utility Agreement ("CUA") with the State in which the State will install the Upgrade Cables instead of relocating and replacing the Existing Cable, and TIDA would pay the State the incremental increase in cost for the Upgrade Cables over the cost of relocating and replacing the Existing Cable (the "Upgrade Cost"). TIDA will not use Sublease Revenues to pay any portion of the Upgrade Cost

I. By this Agreement, the Parties wish to set forth their respective rights and interests in each of the Upgrade Cables.

Agreement

The Navy and TIDA therefore agree as follows:

1. The Navy hereby consents to the installation of the Upgrade Cables in lieu of the relocation and replacement of the Existing Cable, provided that the installation of such Upgrade Cables shall be at no cost to the Navy.

2. TIDA agrees for itself and its successors and assigns not to use any Sublease Revenues to pay any portion of the Upgrade Cost. If the Navy has not transferred either the Existing Cable, the Replacement Cable, or the Upgrade Cables to TIDA or any other entity by October 1, 2009, TIDA further agrees that at the time each Upgrade Cost payment is made to the State, TIDA will certify in writing to the Navy that no portion of

such payment included Sublease Revenues, and TIDA shall allow the Navy to inspect and copy TIDA's books and records to verify that no Sublease Revenues were so used.

3. Upon completion of the Upgrade Cables, the parties agree that the State shall quitclaim all of its right, title and interest in one Upgrade Cable to the Navy and all of its right, title and interest in the other Upgrade Cable to TIDA, provided, however, that if any portion of the Upgrade Cost paid by TIDA to the State includes Sublease Revenues, then, at the sole and complete discretion of the Navy or its successor in interest, TIDA shall either (1) transfer its interest in the Upgrade Cable to the Navy or its successor in interest, or (2) pay to the Navy or its successor in interest an amount equivalent to the amount of Sublease Revenues used to pay for the Upgrade Cost. The Navy hereby agrees that (i) if the Navy has not transferred the NSTI utilities (including the Navy's one Upgrade Cable) and (ii) so long as TIDA is continuing to operate and maintain the NSTI utilities pursuant to the Cooperative Agreement, TIDA may use Sublease Revenues for on-going maintenance, operations, and repairs of the Upgrade Cables.

4. If for any reason the Upgrade Cable is not constructed, then the State shall transfer its interest in the Replacement Cable to the Navy or its successor in interest upon completion.

5. This Agreement shall automatically terminate on the earlier to occur of (i) the Navy's transfer of either the Existing Cable, the Replacement Cable, or the Upgrade Cables to TIDA or TIDA's designee, (ii) one year after the date that TIDA has paid the total balance of the Upgrade Cost to the State, or, (iii) if the Upgrade Cable is not constructed, upon transfer by the State of its interest in the Replacement Cable to the Navy or its successor in interest, as specified herein.

6. If a dispute arises under this Agreement, the Parties agree to attempt to resolve the dispute at the staff level. Should staff-level discussions not result in resolution, the Parties agree to elevate the dispute to mid-level management for resolution. Should such a mid-level elevation not result in resolution of the dispute, the Parties agree to raise the issue with senior management within each Party. Each Party shall have discretion to determine who should represent it at any staff-level, mid-level, or senior-level meeting convened pursuant to this section. If any issue should prove irresolvable at the senior management level, the Parties may pursue whatever remedies they may have at law or in equity.

7. Any notice, if given, shall be in writing and will be provided to each of the Parties at the following addresses:

To Navy: BRAC PMO West
Attn: Director BRAC PMO West
1455 Frazee Road, Suite 900
San Diego, CA 92108

To TIDA: Treasure Island Development Authority
410 Palm Avenue, Building One
Treasure Island
San Francisco, CA 94130
Attn: Director

With Copy to:

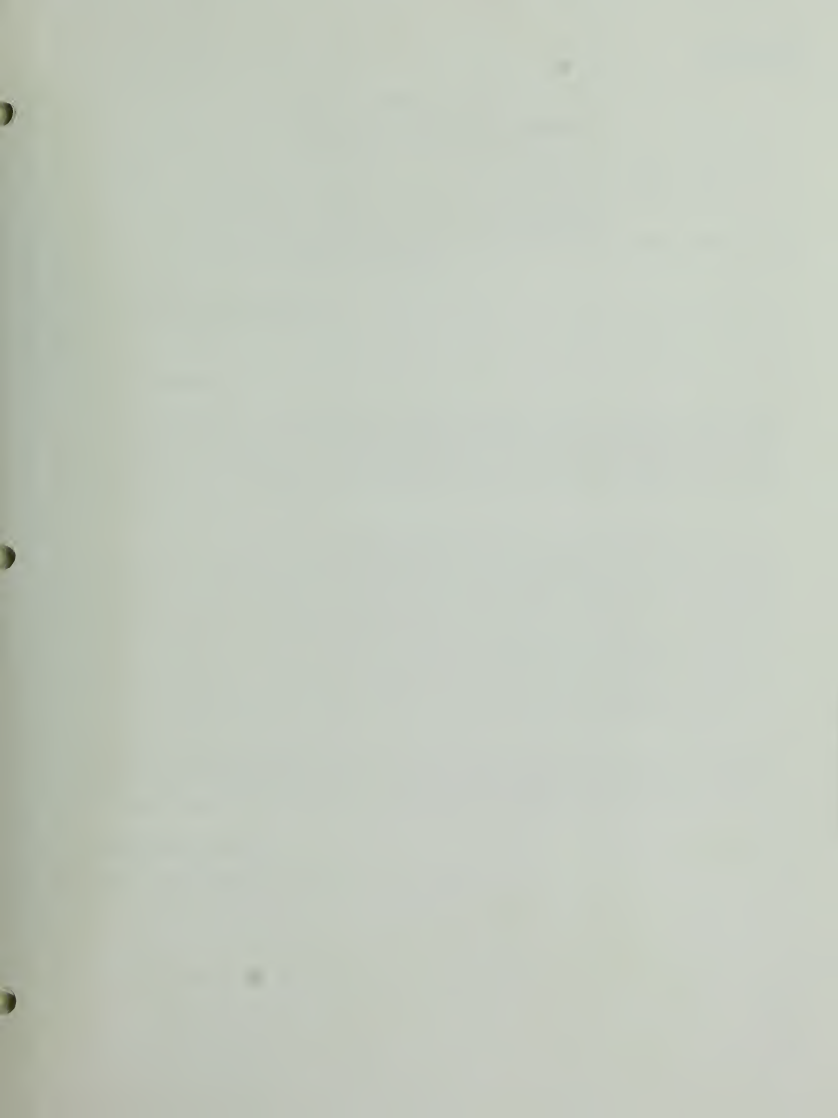
San Francisco Public Utilities Commission
1155 Market Street
San Francisco, CA 94103
Attn: Sam Larano

City Attorney's Office
City and County of San Francisco
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682

8. This Agreement contains all the representations and the entire agreement between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties, or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement, as of the last date written below:

Dated: _____	UNITED STATES OF AMERICA, acting by and through the Department of the Navy, Base Realignment and Closure Program Management Office West, By: _____ Name: Title:
Dated: _____	TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic. By: _____ Name: Title:
Dated: _____	Approved as to form: DENNIS J. HERRERA, City Attorney By: _____ Deputy City Attorney



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the Executive Director to Execute a Contract with the Treasure Island Homeless Development Initiative for an Amount Not to Exceed \$225,000 for the Period from July 1, 2006 to June 30, 2007 (Action Item). **Agenda Item No. 11**
Meeting of June 14, 2006

Contact/Phone: Marc McDonald
274-0660

BACKGROUND

TIHDI, a consortium of nonprofit organizations providing services to homeless and other economically disadvantaged San Francisco residents, is organized to utilize the resources of former Naval Station Treasure Island available to help fill gaps in the continuum of care for homeless persons and families, pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994.

The recommended support for TIHDI will come from the revenues generated by leasing Treasure Island facilities. The primary set of tasks for the contract with the Treasure Island Homeless Development Initiative is outlined in the attached Description of Services and Budget attached to the contract. Primary Tasks consist of TIHDI's role in coordination and facilitation of the participation of community-based homeless service organizations in the development of plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property on Treasure Island and Yerba Buena Island; development and occupancy of the remaining housing units allocated to TIHDI; operation of a job broker system and after-school and summer programs for Island youth.. The contract provides \$225,000 for this work.

The total contract amount is \$225,000 and the term of the proposed contract covers the period from July 1, 2006 through June 30, 2007. In addition to the contract and budget, a summary of TIHDI's goals and accomplishments in FY 2005-2006 and TIHDI's proposed overall FY 2007-2007 budget are attached as exhibits for the information of the TIDA Board.

RECOMMENDATION

Staff recommends approval of the contract with TIHDI.

EXHIBITS

- A Contract with TIHDI
- B Proposed TIHDI Budget for FY 2006-2007

1 [TIHDI Contract]

2 **Resolution Authorizing the Executive Director to Execute a Contract with the Treasure**
3 **Island Homeless Development Initiative for an Amount Not to Exceed \$225,000 for the**
4 **Period from July 1, 2006 to June 30, 2007.**

5
6 **WHEREAS**, Naval Station Treasure Island is a military base located on Treasure
7 Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United
8 States of America ("the Federal Government"); and,

9 **WHEREAS**, Treasure Island was selected for closure and disposition by the Base
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
11 subsequent amendments; and,

12 **WHEREAS**, In 1995, the General Services Administration and the Bureau of Land
13 Management determined that Yerba Buena Island was surplus to the Federal Government's
14 needs and could be transferred to the administrative jurisdiction of the Department of Defense
15 under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure
16 Island; and,

17 **WHEREAS**, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
18 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
19 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
20 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
21 conversion of the Base for the public interest, convenience, welfare and common benefit of
22 the inhabitants of the City and County of San Francisco; and,

23 **WHEREAS**, Under the Treasure Island Conversion Act of 1997, which amended
24 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
25 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority

1 as a redevelopment agency under California redevelopment law with authority over the Base
2 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
3 Base which are subject to Tidelands Trust, vested in the Authority to administer the public
4 trust for commerce, navigation and fisheries as to such property; and

5 **WHEREAS**, The Board of Supervisors approved the designation of the Authority as a
6 redevelopment agency for Treasure Island in 1997; and,

7 **WHEREAS**, The City and County of San Francisco negotiated a proposed Base
8 Closure Homeless Assistance Agreement and Option to Lease Real Property with the
9 Treasure Island Homeless Development Initiative, a consortium of nonprofit corporations
10 organized to utilize the resources of former naval base Treasure Island available to help fill
11 gaps in the continuum of care for homeless persons and families, pursuant to the Base
12 Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

13 **WHEREAS**, On July 25, 1996, the Board of Supervisors passed Resolution 672-96,
14 authorizing sole source negotiations with the Treasure Island Homeless Development
15 Initiative and its member organizations; and,

16 **WHEREAS**, The Authority wishes to support the Treasure Island Homeless
17 Development Initiative pursuant to the Base Closure Community Redevelopment and
18 Homeless Assistance Act of 1994; and

19 **WHEREAS**, The Contractor represents and warrants that it is qualified to perform the
20 services required by the Authority as set forth under this Contract; and

21 **WHEREAS**, The Authority has negotiated with the Contractor to reach agreement on
22 the scope of work, and budget for the services shown in the Contract; now, therefore be it

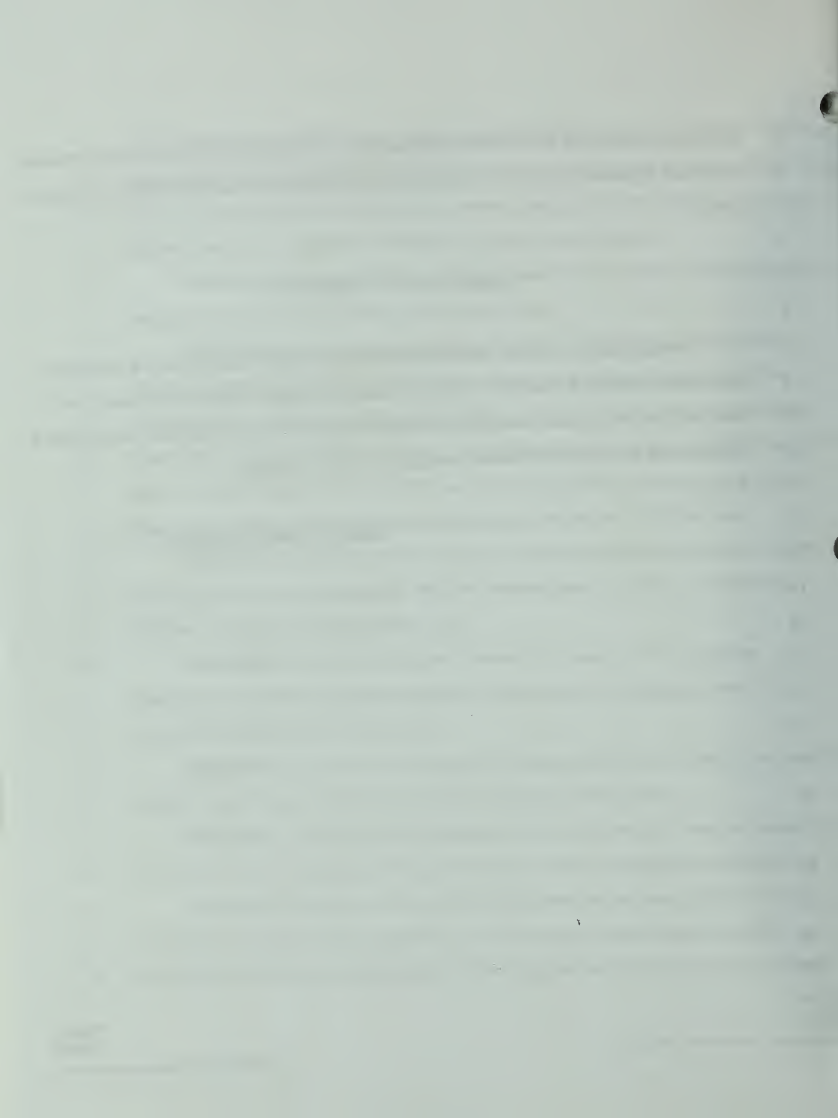
23 **RESOLVED**, That the Authority hereby authorizes the Executive Director of the
24 Authority to execute a contract, effective July 1, 2006, with Treasure Island Homeless
25 Development Initiative, a California public benefit corporation, for an amount not to exceed

1 \$225,000 to coordinate and facilitate implementation of the proposed Base Closure Homeless
2 Assistance Agreement and Option to Lease Real Property for former Naval Station Treasure
3 Island.

4
5 **CERTIFICATE OF SECRETARY**
6

7 **I hereby certify that I am the duly elected and acting President of the Treasure**
8 **Island Development Authority, a California nonprofit public benefit corporation, and**
9 **that the above Resolution was duly adopted and approved by the Board of Directors of**
10 **the Authority at a properly noticed meeting on June 14, 2006.**

11
12 **Claudine Cheng, President**
13
14
15
16
17
18
19
20
21
22
23
24
25





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

City and County of San Francisco
Office of Contract Administration
Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685

Agreement between the City and County of San Francisco and

The Treasure Island Homeless Development Initiative

This Agreement is made this 1st day of **July, 2006**, in the City and County of San Francisco, State of California, by and between: **The Treasure Island Homeless Development Initiative, Treasure Island Building One, San Francisco, CA 94130, an association of not-for-profit corporations**, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, a redevelopment agency under California redevelopment law, hereinafter referred to as "TIDA," acting by and through its Executive Director or the Executive Director's designated agent.

Recitals

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Services Administration and the Bureau of Land Management determined that Yerba Buena Island was surplus to the Federal Government's needs and could be transferred to the administrative jurisdiction of the Department of Defense under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the Authority and/or City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (I) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the Authority and/or City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, The Board of Supervisors approved the Homeless Component of the Draft Reuse Plan for Treasure Island on July 22, 1996 by Resolution 672; and,

WHEREAS, the Authority wishes to support the Homeless Assistance Component of the Treasure Island Reuse Plan; and

WHEREAS, the Contractor represents and warrants that it is qualified to coordinate the actions of the member organizations of the Treasure Island Homeless Development Initiative; and

WHEREAS, the Authority has negotiated with the Contractor to reach agreement on the scope of work, and budget for this Agreement; and

WHEREAS, approval for said Agreement was obtained from the San Francisco Board of Supervisors Resolution 672-96 dated July 22, 1996

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from **July 1, 2006 to June 30, 2007.**

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his or her sole

discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed Two Hundred and Twenty Five Thousand Dollars (\$225,000) The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Authority as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

a. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

c. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by City to Contractor shall be subject to audit by City.

Payment shall be made by City to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to

conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

9. LEFT BLANK

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. **Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. **Payment of Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator,

or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

b. Commercial General Liability and Business Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to City of cancellation mailed to the following address:

Treasure Island Development Authority

Treasure Island Building One

410 Avenue of the Palms

San Francisco, CA. 94130

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor shall do the following: (a) furnish to City certificates of insurance; and additional insured policy endorsements with insurers with ratings comparable to A-, VII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above, and (b) furnish complete copies of policies promptly upon City request.

h. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, cost, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

18. Liability of City

CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. LEFT BLANK BY AGREEMENT OF THE PARTIES.

20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, 53, 55, or 57.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work City directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of

City, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the services or other work.

d. In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Contractor's final invoice; (2) any claim which City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8 through 11, 13 through 18, 24, 26, 27, 28, 48 through 52, 56, and 57.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

24. Proprietary or Confidential Information of City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To City:

**Executive Director
Treasure Island Development Authority
Treasure Island Building One
410 Avenue of the Palms
San Francisco, CA. 94130
Fax: 415.274.0660**

To Contractor:

**Sherry Williams, Executive Director
Treasure Island Homeless Development Initiative
Treasure Island Building One
410 Avenue of the Palms
San Francisco, CA. 94130
Fax: 415.834.9134**

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared
Treasure Island Homeless Development Initiative
P-500 (06-06)

by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth

below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

33. Disadvantaged Business Enterprise Utilization; Liquidated Damages

a. The DBE Ordinance

Contractor, shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14A of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "DBE Ordinance"), provided such amendments do not materially increase Contractor's obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the DBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provision of the DBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the DBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If Contractor willfully fails to comply with any of the provisions of the DBE Ordinance, the rules and regulations implementing the DBE Ordinance, or the provisions of this Agreement pertaining to DBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the DBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions

against Contractor authorized in the DBE Ordinance, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14A.13(B).

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Contractor agrees to maintain records necessary for monitoring its compliance with the DBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners, and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation

Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any

violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

42. Limitations on Contributions

Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

43. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/iwlw.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

a. (a) For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and

uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, Contractor shall pay a minimum of \$10.77 an hour beginning January 1, 2005 and for the remainder of the term of this Agreement; provided, however, that Contractors that are Nonprofit Corporations or public entities shall pay a minimum of \$9 an hour for the term of this Agreement.

b. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

c. Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Contractor from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the City, which communications are marked to indicate

that they are to be distributed to Covered Employees.

g. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Contractor shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

i. The City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

k. Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

l. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein.. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/1w1h.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall keep itself informed of the current requirements of the HCAO.

h. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

i. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

j. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

k. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

45. First Source Hiring Program

a. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapter 83 of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. First Source Hiring Agreement.

(1) Contractor will comply with First Source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the exclusive opportunity to initially provide Qualified Economically Disadvantaged Individuals for consideration for employment for Entry Level Positions. The duration of the First Source interviewing requirement shall be ten (10) days, unless business necessity requires a shorter period of time;

(2) Contractor will comply with requirements for providing timely, appropriate notification of available Entry Level Positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of Qualified Economically Disadvantaged Individuals to participating Employers;

(3) Contractor agrees to use good faith efforts to comply with the First Source hiring requirements. A Contractor may establish its good faith efforts by filling: 1) its first available Entry Level Position with a job applicant referred through the First Source Program; and, 2) fifty percent (50%) of its subsequent available Entry Level Positions with job applicants referred through the San Francisco Workforce Development System. Failure to meet this target, while not imputing bad faith, may result in a review of the Contractor's employment records.

c. Hiring Decisions.

Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. Exceptions

Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

e. Liquidated Damages

Violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$2,070 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. Subcontracts

Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

46. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

47. Preservative-treated Wood Containing Arsenic

Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement
Treasure Island Homeless Development Initiative
P-500 (06-06)

or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20%.

49. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48.

53. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. Supervision of Minors

Contractor, and any subcontractors, shall comply with California Penal Code section 11105.3 and request from the Department of Justice records of all convictions or any arrest pending adjudication involving the offenses specified in Welfare and Institution Code section 15660(a) of any person who applies for employment or volunteer position with Contractor, or any subcontractor, in which he or she would have supervisory or disciplinary power over a minor under his or her care.

If Contractor, or any subcontractor, is providing services at a City park, playground, recreational center or beach (separately and collectively, "Recreational Site"), Contractor shall not hire, and shall prevent its subcontractors from hiring, any person for employment or volunteer position to provide those

services if that person has been convicted of any offense that was listed in former Penal Code section 11105.3 (h)(1) or 11105.3(h)(3).

If Contractor, or any of its subcontractors, hires an employee or volunteer to provide services to minors at any location other than a Recreational Site, and that employee or volunteer has been convicted of an offense specified in Penal Code section 11105.3(c), then Contractor shall comply, and cause its subcontractors to comply with that section and provide written notice to the parents or guardians of any minor who will be supervised or disciplined by the employee or volunteer not less than ten (10) days prior to the day the employee or volunteer begins his or her duties or tasks. Contractor shall provide, or cause its subcontractors to provide City with a copy of any such notice at the same time that it provides notice to any parent or guardian.

Contractor shall expressly require any of its subcontractors with supervisory or disciplinary power over a minor to comply with this section of the Agreement as a condition of its contract with the subcontractor.

Contractor acknowledges and agrees that failure by Contractor or any of its subcontractors to comply with any provision of this section of the Agreement shall constitute an Event of Default. Contractor further acknowledges and agrees that such Event of Default shall be grounds for the City to terminate the Agreement, partially or in its entirety, to recover from Contractor any amounts paid under this Agreement, and to withhold any future payments to Contractor. The remedies provided in this Section shall not be limited to any other remedy available to the City hereunder, or in equity or law for an Event of Default, and each remedy may be exercised individually or in combination with any other available remedy. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

56. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

57. Nondisclosure of Private Information

As of March 5, 2005, Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private Information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Contractor agrees to all of the following:

(a) Neither Contractor nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(i) The disclosure is authorized by this Agreement;

(ii) The Contractor received advance written approval from the Contracting Department to disclose the information; or

(iii) The disclosure is required by law or judicial order.

(b) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(c) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(d) Any failure of Contractor to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar Contractor, or bring a false claim action against Contractor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

AUTHORITY

Recommended by:

Joanne Sakai, Interim Executive Director
Treasure Island Development Authority

Printed Name

Title and Department

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Authorized Signature

Sherry Williams, Executive Director
Treasure Island Homeless Development Initiative
Treasure Island Building One
410 Avenue of the Palms
San Francisco, CA. 94130
FEIN: 94-3280624
Vendor No: 51465

APPENDICES

- A: Services to be Provided by Contractor
- B: Calculation of Charges

Appendix A

Services to be Provided by Contractor

1. Description of Services

SERVICES TO BE PROVIDED BY CONTRACTOR

Treasure Island Homeless Development Initiative ("Contractor") shall provide all labor, materials, and equipment necessary to:

- Coordinate and facilitate the participation of community-based homeless service organizations activities with all public and private agencies operating on former naval base Treasure Island in the current implementation of the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property.

Treasure Island Homeless Development Initiative ("Contractor") shall provide all labor, materials, and equipment necessary to:

- Coordinate and facilitate the participation of community-based homeless service organizations and coordinate activities with all public and private agencies operating on former naval base Treasure Island in the development of long term plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property on Treasure Island and Yerba Buena Island.

Specifically:

Provide consultation on the affordable housing component of the proposed development plan by TICD. This includes review of financing proposals by developer, phasing of housing, and the design and placement of housing.

Provide input in community serving and development components, Job Broker and First Source compliance and economic development opportunities as indicated in the TIHDI Agreement.

Specifically:

TASK ONE

Operate the Job Broker System for island employers to fulfill hiring objectives outlined in their leases and/or contracts with the TIDA.

Facilitate dissemination of information to TIHDI members regarding environmental issues impacting Treasure Island.

Facilitate dissemination of information to TIHDI members regarding hearings involving Treasure Island.

Secure and manage funds for Food Pantry serving island residents.

TASK TWO

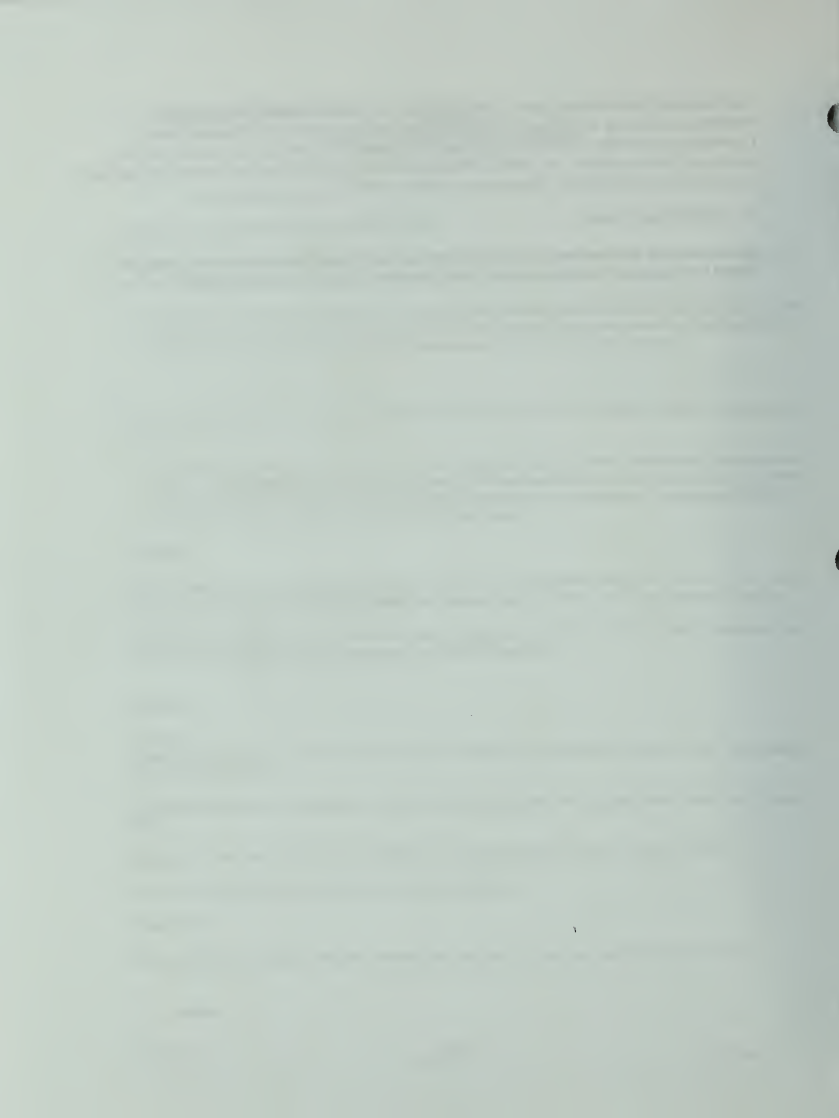
Provide afterschool and summer program for island youth through a subcontract with the Boys & Girls Club

2. Reports

Contractor shall submit written reports as requested by the **Treasure Island Development Authority**. Format for the content of such reports shall be determined by the **Treasure Island Development Authority**. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

3. Department Liaison

In performing the services provided for in this Agreement, Contractor's liaison with the **Treasure Island Development Authority** will be **The Executive Director or his designate**.



Appendix B

Calculation of Charges

2006-2007 Budget for TIDA Contract with TIHDI

TIHDI Staff	
Salaries (1.35FTE)	80,400
Taxes & Benefits	15,000
Operating	20,000
CAM (in kind)	9,600
TIHDI Total	125,000

Boys & Girls Club

Staff Positions	
Clubhouse Director	12,000
Program Manager	12,000
Educ/Tech Director	13,200
Athletic/Teen Services Director (FT)	24,000
Teen Services Coordinator (PT)	7,200
Total Salaries	68,400
Taxes & Benefits (30%)	20,520
Administrative Cost (15%)	<u>11,080</u>
Club Total	100,000
Total TIHDI Contract Budget	225,000

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed Two Hundred and Twenty five Thousand Dollars (\$225,000.00).

t.

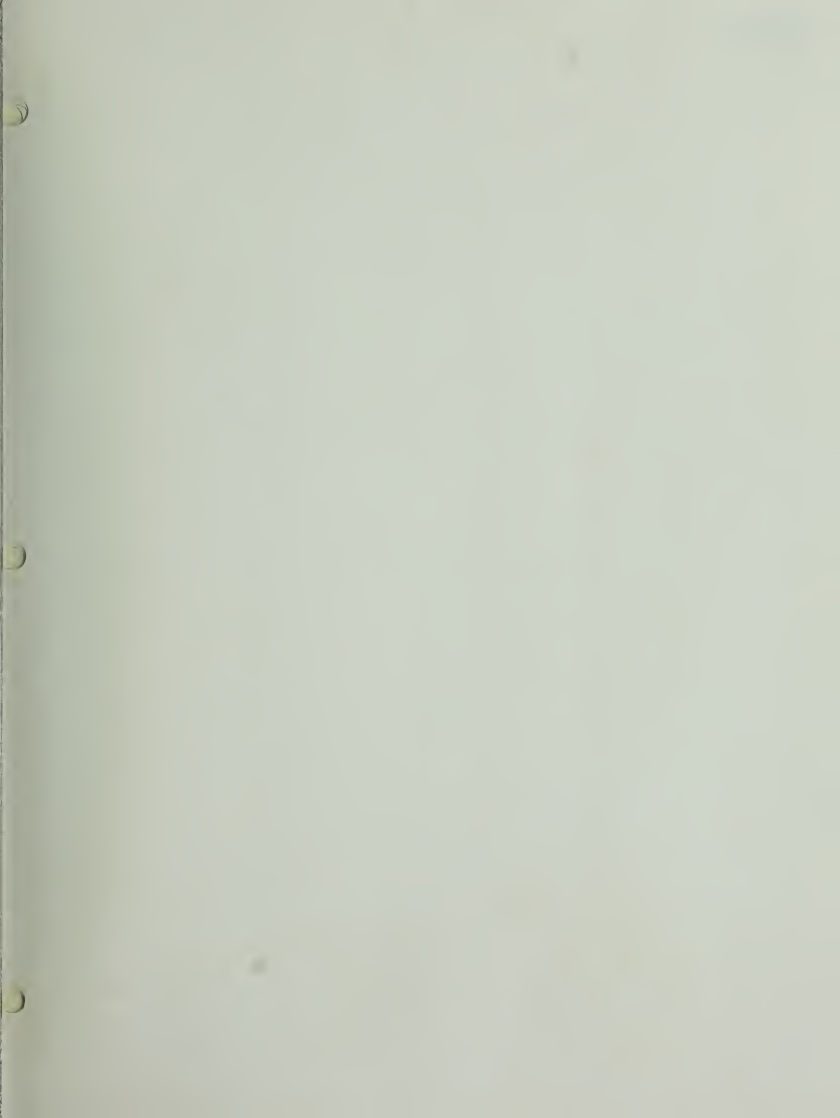
THE
SOCIETY OF
THE
FUTURE

MEMBERSHIP LIST	
1	Mr. J. H. Smith
2	Mr. W. B. Jones
3	Mr. C. D. Brown
4	Mr. E. F. Green
5	Mr. G. H. White
6	Mr. I. J. Black
7	Mr. K. L. Grey
8	Mr. M. N. Blue
9	Mr. O. P. Yellow
10	Mr. Q. R. Purple
11	Mr. S. T. Pink
12	Mr. U. V. Orange
13	Mr. W. X. Red
14	Mr. Y. Z. Brown
15	Mr. A. B. Green
16	Mr. C. D. White
17	Mr. E. F. Black
18	Mr. G. H. Grey
19	Mr. I. J. Blue
20	Mr. K. L. Yellow
21	Mr. M. N. Purple
22	Mr. O. P. Pink
23	Mr. Q. R. Orange
24	Mr. S. T. Red
25	Mr. U. V. Brown
26	Mr. W. X. Green
27	Mr. Y. Z. White
28	Mr. A. B. Black
29	Mr. C. D. Grey
30	Mr. E. F. Blue
31	Mr. G. H. Yellow
32	Mr. I. J. Purple
33	Mr. K. L. Pink
34	Mr. M. N. Orange
35	Mr. O. P. Red
36	Mr. Q. R. Brown
37	Mr. S. T. Green
38	Mr. U. V. White
39	Mr. W. X. Black
40	Mr. Y. Z. Grey
41	Mr. A. B. Blue
42	Mr. C. D. Yellow
43	Mr. E. F. Purple
44	Mr. G. H. Pink
45	Mr. I. J. Orange
46	Mr. K. L. Red
47	Mr. M. N. Brown
48	Mr. O. P. Green
49	Mr. Q. R. White
50	Mr. S. T. Black
51	Mr. U. V. Grey
52	Mr. W. X. Blue
53	Mr. Y. Z. Yellow
54	Mr. A. B. Purple
55	Mr. C. D. Pink
56	Mr. E. F. Orange
57	Mr. G. H. Red
58	Mr. I. J. Brown
59	Mr. K. L. Green
60	Mr. M. N. White
61	Mr. O. P. Black
62	Mr. Q. R. Grey
63	Mr. S. T. Blue
64	Mr. U. V. Yellow
65	Mr. W. X. Purple
66	Mr. Y. Z. Pink
67	Mr. A. B. Orange
68	Mr. C. D. Red
69	Mr. E. F. Brown
70	Mr. G. H. Green
71	Mr. I. J. White
72	Mr. K. L. Black
73	Mr. M. N. Grey
74	Mr. O. P. Blue
75	Mr. Q. R. Yellow
76	Mr. S. T. Purple
77	Mr. U. V. Pink
78	Mr. W. X. Orange
79	Mr. Y. Z. Red
80	Mr. A. B. Brown
81	Mr. C. D. Green
82	Mr. E. F. White
83	Mr. G. H. Black
84	Mr. I. J. Grey
85	Mr. K. L. Blue
86	Mr. M. N. Yellow
87	Mr. O. P. Purple
88	Mr. Q. R. Pink
89	Mr. S. T. Orange
90	Mr. U. V. Red
91	Mr. W. X. Brown
92	Mr. Y. Z. Green
93	Mr. A. B. White
94	Mr. C. D. Black
95	Mr. E. F. Grey
96	Mr. G. H. Blue
97	Mr. I. J. Yellow
98	Mr. K. L. Purple
99	Mr. M. N. Pink
100	Mr. O. P. Orange

THE SOCIETY OF THE FUTURE
MEMBERSHIP LIST
101-200



Notes



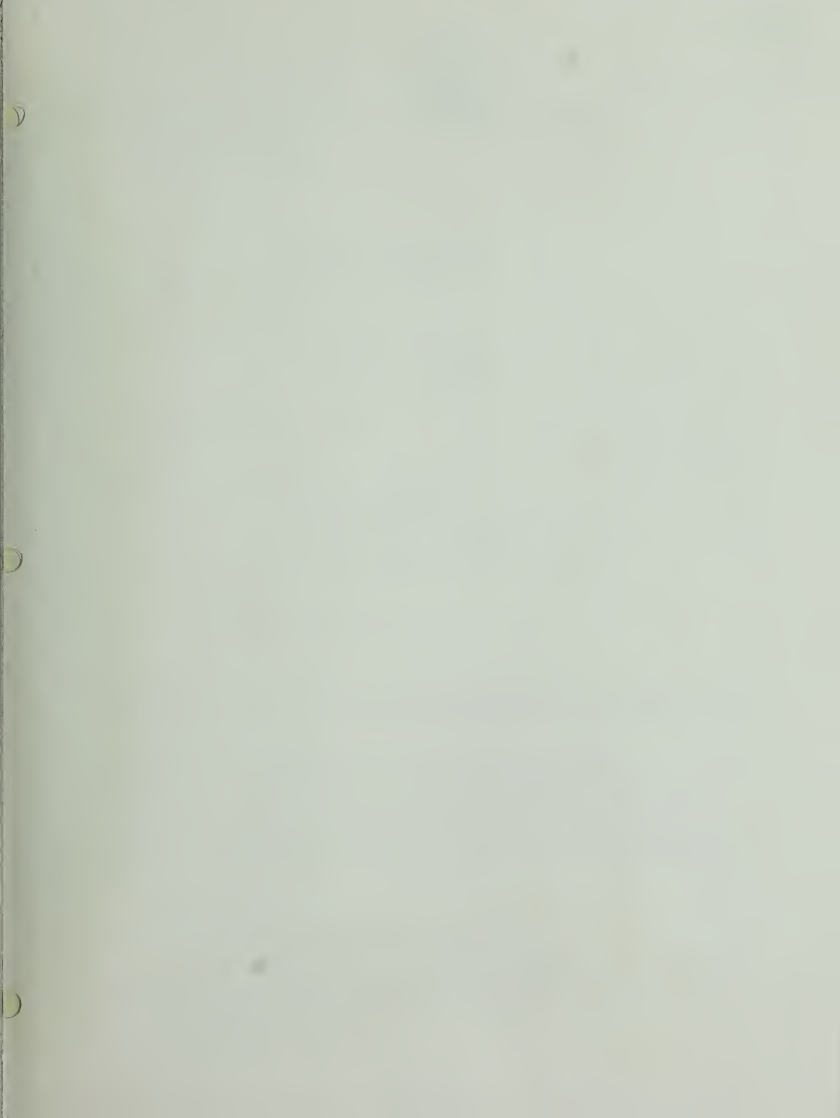
Notes

Downloaded from <http://ajphaphapublications.sagepub.com/> at 11:04 11 September 2014



Notes

Lined paper for notes, featuring horizontal ruling lines across the page.



Notes

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



DRAFT Minutes of Meeting
Treasure Island Development Authority
June 14, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

DOCUMENTS DEPT.

JUL 21 2006

SAN FRANCISCO
PUBLIC LIBRARY

1. **Call to Order:** 1:35 PM

Roll Call Present: Claudine Cheng (Chair)
Jared Blumenfeld
John Elberling
Matthew Franklin (2:20 PM)
Marcia Rosen

Excused: Jesse Blout
Supervisor Chris Daly

2. **Report by Deputy Executive Director of the San Francisco Redevelopment Agency**
Ms. Joanne Sakai, San Francisco Redevelopment Agency Deputy Executive Director, stated

3. **Report by the Mayor's Office of Base Reuse and Development**

Mr. Jack Sylvan, Mayor's Office of Base Reuse, provided a handout staff has developed with questions and answers about environmental clean-up program which will be provided to residents. Stated that the Navy is initiating an appraisal process for the property and is formulating a scope of work for the appraisal instructions, which is used to guide appraisal of highest and best use for the property. At this point staff is at the point of responding to the Navy's scope of work.

4. **Communications**

There was no discussion by the Board of the Communications

5. **Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board**

There was no report by the CAB at this meeting

6. **Ongoing Business by Directors**

Director Cheng thanked Deputy City Attorney Donnell Choy, who is leaving the City Attorney's office, on behalf of the Board for his years of service. Thanked Mr. Choy for his advice and recommendations throughout the years.

Mr. Choy thanked the Board. Stated he knows the organization is in good hands going forward.

Director Elberling asked about scheduling of the August TIDA Board meeting.
Director Cheng stated the Board would like to hold the August meeting on Treasure Island.

Director Blumenfeld stated there is a habitat restoration day tomorrow on Yerba Buena Island being organized by the Department of the Environment and Ruth Gravanis. Also suggested staff use the City's Reprographics and Mail services for developing the website.

7. General Public Comment

There was no public comment during this item

8. Consent Agenda

There was no public comment on the Consent Agenda

Director Blumenfeld motioned for approval of the Consent Agenda

Director Rosen seconded the motion

The Consent Agenda was approved unanimously

9. Cooperative Utility Agreement with the California State Department of Transportation

10. Memorandum of Understanding with the United States Navy

Mr. Jack Sylvan, Mayor's Office of Base Reuse, presented a Cooperative Utility Agreement with the State Department of Transportation and a Memorandum of Understanding with the United States Navy. Stated the Board has been notified of this item over the past few months based on negotiations with CalTrans and the Navy. Stated the electricity to Treasure Island is served by an electrical cable that travels from the southeast side of Treasure Island to Oakland. This cable is owned by the US Navy. The Navy entered into an agreement with CalTrans where CalTrans would replace the cable in lieu of CalTrans replacing a storage facility it tore down in order to construct the new Bay Bridge. TIDA has told CalTrans that the existing capacity of the cable will not support future reuse of the Island, requested that CalTrans construct replacement cables which will support future reuse. TIDA will fund the incremental increase in the increased capacity. This enables TIDA to have all capacity provided. Five or six years down the line two additional cables would have to be built if this work was not done now. Staff at the PUC has assisted on this project for capacity and design specifications. The estimated cost for upgrade is approximately \$4 million. This work requires separate agreements between TIDA and the PUC, the Navy and CalTrans. The agreement with CalTrans specifies the arrangements under which CalTrans will issue a bid for construction of two cables and TIDA will have an opportunity to review the bids to ensure they are within cost. It also specifies that the additional incremental

cost is associated with several aspects of the project. CalTrans has also asked for a guarantee should TIDA fail to perform on its obligations to fund the incremental cost. TIDA has asked PUC to provide this guarantee, as they currently provide all utility service on the Islands. PUC has agreed to provide this guarantee from its Hetchy fund. This process has required environmental review. The environmental review officer for the City has reviewed this process, and the City Attorney has provided environmental findings as well. Provided an amended resolution for Item 9 to the Board.

Director Cheng asked what the discussions have been with the developer about financing and what are the alternatives.

Mr. Sylvan stated in general developers understand they are obligated to fund horizontal infrastructure which includes utilities. Any development agreement would require the developer to provide these utilities. It is still to be determined what the public financing mechanism would be.

Director Rosen stated the memo referred to public financing or developer funding, and the resolution referred only to developer funding. Stated it would be better to avoid ambiguity and have the resolution affirmatively authorize either the use of public financing tools or developer payment. Asked if this would be a problem with staff.

Mr. Sylvan stated it would not be.

Director Rosen stated for clarity, since the Authority does have the ability to use public financing tools and there is a prohibition in the resolutions to using General Fund funds, she would like to at least clarify that there is the opportunity to use public financing tools, it does not mean the Board has to make that decision at this point.

Director Rosen stated does not understand the contingent liability TIDA is assuming prior to a commitment from the Navy to acquire the land or a development agreement. Stated it is remotely possible there will not be development in time for the repayment obligations to CalTrans. Stated it seems like this is changing to give TIDA a liability in the event the PUC exercises the acquisition from CalTrans on behalf of the City and County. Stated she is uncomfortable discussing liabilities in a public session.

Mr. Sylvan stated it is not expected that TIDA would reimburse PUC on the same schedule that CalTrans is being funded.

Deputy City Attorney Choy stated there are separate agreements with the Navy, PUC and CalTrans. Stated there is no commitment from the Navy to transfer lands yet, yet in the Navy MOA the Navy will consent to allowing one of the two cables to TIDA. Under the Navy MOA, TIDA promises not to use any sublease revenues to pay for the upgrade. Should TIDA use sublease revenues to pay for the upgrade, the consequence is the cable will be transferred to the Navy or TIDA will be obligated to reimburse sublease revenues to the operations of the Island. If there are not development funds by 2009, this is a fallback along with other potential forms of financing. In the PUC MOA, should TIDA not make its reimbursement obligations to CalTrans and PUC has to make these payments on TIDA's behalf there is not time frame for these reimbursements.

Director Rosen asked what is the trigger for re-payment in the MOA with PUC.

Mr. Sylvan stated that agreement does not specify a time frame.

Director Rosen suggested adding an additional whereas clause or an additional resolved clause directing staff to include reference to the trigger for repayment in the final document.

Mr. Choy stated the two alternatives are to work the modification into the resolution or into the overall agreement. TIDA has the authorization to work it into the overall agreement. Stated putting it into the resolution would be a condition of approval. Stated that the best way to express the Board's intent is to put it in the resolution.

Director Rosen asked for clarification if the second cable was necessary for any additional development as proposed and analyzed in the EIR or under discussion due to potential need for additional power to Treasure Island.

Mr. Sylvan stated this is correct. The capacity being provided via this agreement would be required under the preferred alternative scoped in the EIR, with fewer housing units but substantially more commercial development.

Director Rosen asked if the reference to the environmental review officer is of the City's environmental review officer.

Mr. Sylvan stated that yes, TIDA is relying on Mr. Maltzer's review.

Ms. Kate Stacy, Office of the City Attorney, stated she prepared the findings with TIDA staff as well as the review of Mr. Maltzer, the Treasure Island EIR and the CalTrans EIS.

Mr. Sylvan read an addition to the Exhibit A – Environmental Findings into the record. The addition comes on the third page of Exhibit A, at the end of the section titled "Mitigation Measures. Stated this language is part of the certification of the program EIR that staff thought was appropriate to add to these findings. The language is:

"TIDA expects that a new EIR will be prepared for any future specific proposals or long term reuse plan. TIDA does not intend to tier subsequent CEQA review of decisions for the long term reuse of Treasure Island from the program EIR. This intent should not preclude the planning department or TIDA staff from using information contained in that program EIR in subsequent independent environmental documents"

Director Elberling asked who the residents pay their utility bill to.

Mr. Sylvan stated that since the housing is not individually metered, the John Stewart Company pays a flat rate to PUC. Residents pay utility through their rent, they do not receive a power bill. Commercial tenants pay directly to PUC. PUC pays WAPA for purchase of the commodity.

Director Elberling asked if TIDA gets both cables.

Mr. Sylvan stated TIDA gets one cable, the Navy gets the other. The Navy has indicated that they would like to expedite transfer of this cable.

Director Elberling asked if the power in Oakland can come from any supplier. Asked if the same arrangement would remain for build-out.

Mr. Sylvan stated there is a certain allocation of WAPA power. Future development will likely require more than can be purchased from WAPA.

Director Elberling asked if the plan is to lay the two cables side-by-side.

Mr. Sylvan stated the plan was to lay them close together. The cables are buried under the Bay floor.

Director Blumenfeld asked what associated infrastructure will be required to accept this new power.

Mr. Sam Larano, Public Utilities Commission, stated there is a utility vault on Treasure Island currently. As part of the CalTrans contract the utility vault on the Oakland side will be replaced with a larger one. The existing system on the Island will serve the existing capacity of the cables. When the development ramps up, there will be more load and need for more infrastructure.

Deputy City Attorney Choy provided suggested revised resolution language for Items 9 and 10.

Item 9:

Public Comment

Ms. Eve Bach, ARC Ecology, thanked Mr. Sylvan and staff for clarifying language about the agreement over the original EIR that it would not be used. Stated it is reassuring to work with people who are still responsive.

Director Rosen motioned to amend the resolution for Item 9 as discussed

Director Elberling seconded the motion to amend

The motion to amend was approved unanimously

Director Elberling motioned for approval of the amended Item 9

Director Rosen seconded the motion

Item 9 was approved unanimously

Item 10:

There was no public comment on this item

Director Rosen motioned for approval of Item 10

Director Elberling seconded the motion

Item 10 was approved unanimously

Director Cheng left the Board at 2:50 PM

11. Contract with the Treasure Island Homeless Development Initiative

Mr. Marc McDonald, TIDA staff, presented the contract with the Treasure Island Homeless Development Initiative. The contract funding goes to TIHDI staff who provides coordination and support services, and to the Boys and Girls Club of San Francisco. Stated staff recommends approval of this item.

Ms. Sherry Williams, TIHDI Executive Director, stated the TIDA contract provides for service and coordination for current operations such as the Job Broker and Food Pantry, the second is coordination in the long term planning, and thirdly the contract pays for the Boys and Girls Club on Treasure Island. Included in the report provided to the Board is the TIHDI budget for the

upcoming year as well as information on programs provided by TIHDI funded by other sources. Stated TIHDI works to follow-up on issues surrounding the school closure and summer programs for children on the Island. TIHDI also started a financial literacy program and provides programs helping residents working on supplemental income through arts and crafts and homemade items. This has allowed for opportunities and activities on the Island. TIHDI also operates the community center on the Island, the ShipShape, which houses the food pantry, community meeting and other community events.

Ms. Patricia Murrillo, Boys and Girls Clubs of San Francisco, thanked the TIDA Board for their support of child services on the Island throughout the past year. Thanked Ms. Williams for supporting and strategizing on how to make the Club a resource on the Island post-school closure. Stated everyone should be proud of the level of services provided to children on the Island, especially the focus on educational enhancement and educational support. Stated due to the school closure, Boys and Girls Club now has a formal arrangement with SF Unified School District for a portion of the school building, and this facility is good for the Club.

Director Blumenfeld asked if the reason the Boys and Girls Club population declined was due to the school closure.

Ms. Murrillo stated that the Club was serving about 90 kids a day in the fall. When the school closed the children were distributed to different schools, there are differences in timing and some schools have after-school programs.

Director Blumenfeld asked how the transition to other schools worked with the Island children. Ms. Murrillo stated that the District did a good job working with the children to find the best placements for the children and to assure they were supported. Leonard Flynn School in Bernal Heights accepted the entire kindergarten class from Treasure Island Elementary. Besides Flynn the children were accepted at four other schools.

Ms. Levina DeSilva, Treasure Island Clubhouse director, stated she is excited to come to Treasure Island to work with the community. Stated she hopes to build more parent accountability as well as work on educational enhancement. Stated TIHDI has been phenomenal in arranging a teacher at the clubhouse three days a week, as well as coordinating summer school. Stated the challenge is working with the Islands male population in terms of devoting support and services to this population.

Director Franklin asked what the program expenses were as indicated in the TIHDI budget. Ms. Williams stated that much of that is McKinney money which passes through TIHDI to organizations.

Director Franklin asked if the TIDA support funding is also post-development and asked if any revenue from development is expected to go to TIHDI. Asked if TIHDI has discussed revenue sources for the future.

Mr. Sylvan stated it has not been determined. The jobs plan presented to the Board last August included sections related to funding job training programs and job placement programs. The appropriate amount of funding has not been determined but it is expected that programs such as these will receive funding of some sort.

Director Rosen asked if the revenue sharing income was part of the TIHDI overall budget and asked if that was called out.

Ms. Williams stated TIHDI budgets a small amount of its sharing agreement income for an operating budget. The majority of it is put in a fund for housing development.

Director Elberling asked why the programs on the Island funded by outside entities weren't included in the Community Facilities Plan. Asked if the Board would see revised versions of the Community Facilities Plan or of the Fiscal Impacts Report.

Mr. Sylvan stated staff is revising the fiscal impacts analysis as well as the pro-forma. Staff will bring all revisions from previous drafts as part of the term sheet package, as well as provide a matrix of what has changed.

Ms. Williams acknowledged the assistance of Marc McDonald working with TIHDI.

There was no Public Comment on this item

Director Rosen motioned to amend the resolution to reflect that the funding was "subject to appropriations" due to the pending Board of Supervisors budget approval process
Director Blumenfeld seconded the motion

Director Rosen motioned for approval of the amended item
Director Blumenfeld seconded the motion
The item was approved unanimously

12. Possible Closed Session for Conference with Real Property Negotiators

Director Elberling stated staff has indicated they would like to table this closed session item, it is not necessary at this meeting.

13. Possible Closed Session for Conference with Real Property Negotiators

There was no public comment on the closed session item

Director Franklin motioned to move to closed session on this item
Director Blumenfeld seconded the motion
The Board voted unanimously to move to closed session for Item 13

The TIDA Board went to closed session for Item 13 at 3:15 PM

Persons Present for Closed Session Item 13:

Marc McDonald – TIDA

Joanne Sakai – San Francisco Redevelopment Agency

Donnell Choy, Eileen Malley – Office of the City Attorney

The TIDA Board reconvened in open session at 3:26 PM

Director Blumenfeld motioned not to disclose the closed session discussion for Item 13

Director Elberling seconded the motion
The motion not to disclose discussion for Item 12 was approved unanimously

14. Discussion of Future Agenda Items by Directors

There were no items discussed

15. Director Blumenfeld motioned for adjournment

The meeting was adjourned at 3:28 PM

